Tuesday May 4, 1988

EUROPE'S BUSINESS NEWSPAPER

D 8523 A

#### **World News**

#### Iran, Syria row delays Beirut troop battle for deployment

The deployment of a Syrian dis-engagement force into Beirut's southern alums was further delayed yesterday by disagreements between Syria and Iran. Iranian officials and the Tehran-backed Hizbollah insisted on the inclusion of Iranians in any joint security force. Page 20

Delvalle attacks US plan Ousted Panamanian President Eric Arturo Delvalle said he would reject any US deal with Mannel Noriega that would allow the military strongman to con-tinue to hold power in Panama. US envoy in Panama, Page 4

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Nicaraguan ceasefire Nicaragua said it was extending a seven-week-old truce to allow more time for continuing peace talks with US-backed Contra reb-

#### Colombian hijack

A man armed with a grenade hijacked a Colombian airliner, freed 135 people on board and forced the three-man crew to fly to Panama, demanding \$100,000.

South Africa debate White and non-white members of

South Africa's Parliament participated in joint debates for the first time yesterday but members of the far-right Conservative Party walked out in protest.

#### China floods toll

The death toll from flooding in east China's Fujian province rose to 78 after a river overflowed near the provincial capital of Fuzhou. More than 200 people were injured and over 3,000 were forced to fice their homes.

#### Soviets 'stubborn'

Soviet stubbornness is impeding completion of a strategic miclear arms treaty, Mr Edward Rowny, senior arms control Michel to

#### President Reagan, said. Peres in Brussels

Israeli Foreign Minister, Mr Shi-mon Peres, meets his European Community counterparts in Brussels today to discuss trade 1,76LS. Page 36 disputes and Israel's handling of DOLLAR closed in New York at the five-month-old Palestinian uprising. Page 2

#### Anti-Turk bombings

Two explosions damaged cars belonging to Turkish embassy personnel and two more bombs were defused by police as Tur-key's Foreign Minister, Mr Mesut

Golden Temple reopens More than 15,000 Sikhs visited the Golden Temple in Amritsar yesterday when the 400-year-old shrine was reopened to the public following a government siege.

#### Jewish writers charged Two Jewish journalists face up to 40 years' imprisonment after being formally charged with working for a Palestinian organi-sation dedicated to the destruc-tion of the Israell state. Page 3

Iraq rejects UK protest Iraq rejected a British protest

# over an Iraqi air attack against the British-registered tanker Bur-mah Endeavour this month.

#### UNDOF proposal Mr Javier Perez de Cuellar, the

United Nations Secretary General, has recommended a further LEGO, Danish toy company, said six-month renewal of the mandate of the UN Disengagement Observer Force (UNDOF) separating the Syrian and Israeli armies on the Golan Heights.

#### Athens taxi strike

nerica.

World Trade

Britain

Athens staged a 24-hour strike to Japan's leading maker of elecprotest against anti-pollution tronic control components, measures which have halved the posted a 117 per cent jump in 100 number of taxis allowed to oper- annual pre-tax profits to Y15.6bn ate in the city centre.

#### **Business Summary**

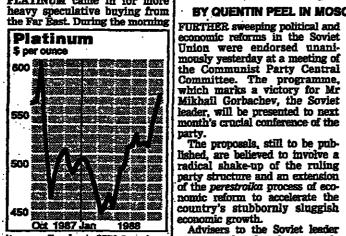
# Maxxam wins bid **KaiserTech**

MAXXAM GROUP, an invest-ment group led by Houston finan-cier Mr Charles Hurwitz, is to take over KaiserTech, US alumin-ium manufacturer, in a deal

The definitive merger agreement appears to end a battle between KaiserTech management and Mr Alan Chore, the British financier, who acquired a major stake in KaiserTech last year. Page 21

USG, Chicago-based building products company, claimed victory in its proxy contest against Desert Partners, a Texas limited partnership that is trying to take it over. Page 21

PLATINUM came in for more



Oct 1987 Jan 1988 it was fixed at \$576.5 a troy ounce, but profit-taking later took the price down to \$571. Com-

modities, Page 30 WALL STREET: The market started the week with another started the week with another drift downwards in very low volume. The Dow Jones industrial average closed down 11.11 at 1.941.48. Page 42

TOKYO: Leading shares fell back print was a "very important document" covering further sidelines due to fears of inflation in the US. The Nikkei average ness) and the development of finished down 144.09 at 27,249.76 after recovering from the day's

LONDON: Inflation worries continued to beset investors, and at the end of the session equities proved vulnerable to a weak opening on Wall Street The continue to have had a showdown with Mr. Gorbachev following publication of a defence of Stalinism in the party newspaper Sovietskaya Rossiya. But he has made several high respile to the continue of t opening on Wall Street. The mar-ket closed down 8.9 points at

-DM1.7015, Y124.57, SFr1.4165 and FFr5.75. It closed in London at DM1.7025 (DM1.7080), Y124.55 (Y124.85), SFr1.4175 (SFr1.4195, FF15.75 (FF15.5775). Page 29

STERLING closed in New York at mnel and two more bombs \$1.8695. It closed in London at defused by police as Tur- \$1.8695 (\$1.8620), Y232.75 Foreign Minister, Mr Mesut (Y232.50), SFr2.65 (SFr2.6425), az began a five-day visit to FFr10.75 (FFr10.72). Page 29

USX, US steel and energy group, which owns Marathon Oil and Texas Oil and Gas, expects to produce \$1bn a year of "surplus" cash for the next three years.

Page 21 WESTERN UNION has taken a \$603m first-quarter charge for a restructuring plan devised by a group of investors who rescued it

late last year. Page 21 BOEING, the US aerospace group which last week won an order for 100 aircraft from International Lease Finance, is negotiating to sell a further 100 757 aircraft to AMR, parent of American Air-

RNICHEM. Italy's state-own chemical company, and Montedison appeared near an initial agreement on merger plans between Enichem and a substan-

worldwide sales increased by 10 per cent last year. Page 22

tison. Page 21

CRA. Australian resources grown reduced its stake in Metal Manu factures, a diversified cable maker, to just over 20 per cent from 29 per cent. Page 23

Thousands of taxi drivers in OMRON TATEISI Electronics (\$124.9m). Page 23

# UN to ask West for \$1bn-\$2bn aid for Afghanistan

WRSTERN countries are to be and Iran.

FURTHER sweeping political and economic reforms in the Soviet

Union were endorsed unani-

said yesterday that the economic

restructuring process had barely begun and warned that the plan

would involve further political

and economic upheavals.

At the same time Mr Yegor Ligachev, second-in-command to

democracy.

Mr Ligachev was last month reported to have had a showdown

made several high-profile appearances lately, including his parlia-

mentary address yesterday,

putting forward a united front in

All the branches of the 20m-

Gorbachev's reforms.

which were seen as suggesting Mr Leonid Abalkin, director of that he and Mr Gorbachev are the institute of Economics of the

the run up to the party confer-ence. the process required further radi-cal reform in the management of

All the branches of the 20m-strong ruling party are in the ment of democracy. "One without process of nominating candidates the other is unthinkable," he

to the key 5,000-delegate confer-ence, the first since 1941, which "We need a whole series of

will have a crucial bearing on Mr measures, one of which would be

Gorbachev's reforms.

The reforms are seen as attracting less support in rural regions and industrial zones outside of the capital, where many wholesale trade."

changes in the price structure,"

the reforms are seen as the said. "We need a transformation of the banking system, new credit relations, also changes in wholesale trade."

entrenched party officials fear Ms Tatyana Zaslavskaya, directheir jobs and privileges could be tor of the Centre for the Study of lost and want to maintain the Public Opinion and Socio-econ-

asked during the next few The UN target for the next months to subscribe between three or four years is first to pro-\$1bn and \$2bn to a United vide the returning rafugees with Nations co-ordinated programme transport and other facilities to for the reconstruction of Afghan-enable them to return to their istan's economy.

The massive aid effort following the withdrawal of the Soviet infrastructure so that agriculoccupation force after more than 
eight years of war in Afghanistan 
will include the rehabilitation of the main base of a developing 
up to 5m refugees in Pakistan economy.

Sweeping new reforms

victory for Gorbachev

Ligachev: cantions

In regions where the party

ierarchy is dominated by those

dragging their feet on reform

party conference delegates are likely to oppose radical change.

The official announcement

from yesterday's plenary meeting of the Communist Party Central

Committee said Mr Gorbachev

presented the "draft theses" for the Party conference as agreed by the ruling Polithuro. They will now be published in the press

A separate press conterence

organised by the Soviet Foreign

correspondents, was addressed

Mr Leonid Abalkin, director of

Soviet Academy of Sciences, said

by four leading proponents of the do not go into reverse.

for extensive discussion."

endorsed in major

then decide when to call an international conference of Western countries willing to pledge funds. Mr Mohammed Hassan Sharq, Minister for Refugees, said yes-terday that the Afghan Govern-

omic Problems, said the change

She said the theses put forward

by Mr Gorbachev amounted to "a social revolution." The reforms introduced so far would have to

be "radically broadened and deepened. It is very dangerous to look at the changes so far with wishful thinking, and believe it is already a social revolution," she

Mr Fyodor Burlaisky, another adviser to the Soviet leader, and vice-president of the Soviet Asso-

ciation of Political Sciences, said

was to ensure "that the reforms

"It is a question of the institu

tionalisation of this process, both through democratisation and glasnost," he said. The conference

was intended to set "a new level

of the development of democracy" and "a new stimulus in

economic development." His

choice of words was seen as refer-

ring to reform of the ruling party

The speakers at the press conference stressed that reforms could only come through the rul-

ing party. Mr Burlatsky was scathing in his dismissal of dissi-

dents seeking alternative politi-

Relief over Kadar, Page 2

pluralism," he said.

Prince Sadruddin Aga Khan, a day although the present rate is could cost \$100m per 1m refugees. The only a few hundred a week. The overall reconstruction effort, flies to Kabul on Saturday for talks gees is basing its rehabilitation with the government and will go plans on 250,000 returning every on to Pakistan and Iran. He will see it to gauge the devide when devide at the services it will need to transthe services it will need to transport and feed them on their journeys and then to provide them with a year's food to cushion

ten only of mud and therefore quickly repairable - have crum-bled and that roads including

trunk roads have been ruined by One UN estimate puts the total reconstruction programme cost at \$1.3bn to \$1.4bn over three

# them through two crop cycles, plus farming seeds and basic ments. It estimates that this years from the start of next year Mediobanca top executives face

# criminal charges

MILAN judges have brought "false communicazioni sociali", or criminal charges against Mr lying to shareholders, are the Francesco Cingano, the chairman three bankers who in the late of Mediobanca, Italy's leading 1970s and early 1980s ran the

cia, the honorary chairman.

termed in Italian, was not - according to the allegations under perestroika "is only just beginning."

cated that the existence of the cerned the IRI state group. But fund - allegedly maintained as he was never prosecuted. Also certificates of deposit - was dis-charged yesterday was Mr Vincovered by the Guardia di fin-anza, Italy's fiscal police. executive who is seen as Mr Cuc-Among those charged with cia's dauphin.

and secretive merchant bank, state banks which, despite the and eight other Mediobanca executives, including Mr Enrico Cuc- anca's leading shareholders.

ia, the honorary chairman. The charges refer to the period The Mediobanca charges come when the three served on Mediob ust as the Milan merchant bank anca's executive committee. is being privatised.

The nine bankers are charged delli, managing director of Crewith having operated a hidden dito Italiano, and Mr Giovanni fund said to total L24bn (\$19m) Guidi, the former managing which was never disclosed to director of Banco di Roma. Mr Mediobanca's shareholders. The Cingano, who took over as the statement of the statement in the statement of the statement in the statement of the statement in the statement of the stateme

charges follow a four-year inves- Mediobanca chairman a few tigation led by Judge Gherardo weeks ago, is being charged Colombo. The accused will be because he used to be managing summoned to appear before mag-istrates, although none of has litaliana, the third state bank been placed under arrest.

The "occult fund," as it is Yesterday's charges mark the Yesterday's charges mark the second round of criminal investi-

according to the allegations — gations for Mr Cuccia, 80, who used to embezzle money, but to helped found Mediobanca in 1946 offer incentives to Mediobanca and has since run the institution executives and to provide impor- on a tight rein. Mr Cuccia was tant clients with especially investigated in 1985 for his attractive deposit rates. alleged involvement in a 1970s
Initial reports last night indiembezzlement scheme that con-

#### US insurance group buys into Kleinwort Benson

AIG, one of America's leading lio investmen insurance companies, has acquired a 5.3 per cent stake in Kleinwort Benson, the UK merchant banking group, for about £27m (\$50m).

Mr Ric Berman, AIG's spokesman in London, said yesterday that AIG had identified the UK financial services market as one in which it wanted to invest for long-term growth. It viewed the Kleinwort stake as "a core portfo-

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON He said AIG believed Kleinwort's shares were undervalue

and it had confidence in the group's management strategy. Kleinwort said in reaction to the disclosure that it knew AIG well and that it noted the investment was intended for the long term. As a group with wide international interests, it felt comfortable with foreign shareholders. Continued on Page 20

# Australia's mini-budget route to a streamlined

economy COUNTRIES have embraced the cult of the mini

budget as readily as Australia and few finance ministers
 have woven its political and
 economic intricacles together
 as skilfully as Mr Paul Keating. Party came to power under Mr Bob Hawke in 1983, and as a politician to his 44-year-old fin-gertips, he will rise in parlia-

ment tomorrow night to pres ent his fourth mini-budget in five years. Along with the August bud get, an imminent wages battle with the unions and next month's biennial Labor Party

conference, tomorrow's state ment will be an event of impor tance to Australians' everyday The world should watch, too because Mr Bob Hawke, the Prime Minister, Mr Keating and a handful of other dynamic economics ministers are an

unusual phenomenon: a Labor leadership, elected in a competitive democracy, pursuing a gradualist structural adjustment of a developed economy without inducing a recession. Tomorrow's event is lent fur-ther poignancy by the recent low ebb in the Government's political fortunes after losing power in the biggest state, New

South Wales, and some signifi-cant by-election defeats and ministerial resignations. Yet Mr Keating is expected

to maintain the sort of fiscal discipline he has latterly made his trademark, and to continue to make a virtue of it.

Tight monetary and fiscal

policies, real wage restraint and a major currency deprecia-tion have helped reverse the steep deterioration in the cur rent account deficit and con-tained the explosion in foreign borrowing.

In the process, reduced government spending and an array of new taxes have turned

round the federal budget deficit, so that the Canberra Government is now approaching ie June end of the 1987-8 financial year with a forecast surplus of more than A\$1bn This is even better than the

impressive near-balance Mr Keating projected in last September's budget and is a dramatic improvement on the situ-ation four years earlier. It is also a trend which is likely to continue. Thus, even

before it takes any fresh tax or Continued on Page 20 Lex, Page 20

# Japan sets economic growth at 3.75% in new five-year plan

development plan published yes-

tial part of the privately-owned

Japan's commitment to maintain-ing domestic-led economic expansion. The programme, which has been prepared by an advisory council to the Prime Minister, already has the Government's

domestic demand of around 4.25

tacit approval.

JAPAN LOOKS certain to comper cent in real terms, and 3.75 hy-harmonious level". Mr Takeshmit itself to expanding its economy at a rate of 3.75 per cent economy as a whole, allowing for annually according to a five-year a predicted decline in external Toronto. Toronto.

The Government is separately

The forecast was preceded by forecasting that the current

The Government is expected fierce argument between officials account surplus in the 1992 Section 1992 Section 1992 Section 1992 Sec The Government is expected fierce argument between officials over the precise figures. The Minnomic programme which calls for istry of International Trade and cuts in the external surplus, improvements in Japanese living standards and a reduction in high growth, wanted the forecast The five-year plan which covers the comony.

The Government is expected fierce argument was precised by forecasting that the current account surplus in the 1988 financial will fall to 2.6 per cent of the gross national product, down from 4.5 per cent in 1986.

The five-year plan which covers the comony. tic economy.

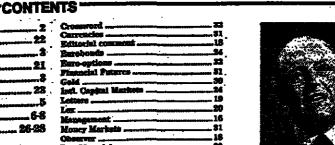
Mr Noboru Takeshita, the
Prime Minister, is likely to presuously for a figure of 4 per cent

key to survival

The report has been criticised per head annually from 2,100 in by some private economists for 1986) and a cut in Japanese food omitting any specific target for the reduction of Japan's external surplus - the most politically sensitive barometer of Japan's economic development. However, The report forecasts growth in it does say that the surplus will be decreased to "an international-

1992 fiscal year, called Economic Management within a Global Context, also calls for correction ent the plan to the Western economic summit in Toronto next committed to an over-ambitious housing supply, a reduction of working hours (to 1,800 a year) prices. The report proposes an

#### nese aid to developing countries. The programme revives a postwar tradition of five-year plans Form no substitute for substance, Page 19 Luxembourg: Bitter row crupts over Sunday Lexury cars: Jaguar leaps forward to reverse





PARTY EMBARKS ON A **JOURNEY TO** THE FUTURE

UK LABOUR

Leader Neil Kinnock sees the coming battle in terms of the old versus the new, Page 18 Technology: Eagle eye - don't hold your breath in the fog Management: Computer-aided design - the

Poreign Affairs: Form is no substitute for Lex: Australia; Associated British Foods; Barciays: Glaxo Sportswear: Reebok sprints into foreign mar-

Priorities for community care

Editorial comment: Where to go after Kadar,

You've certainly heard of the futures and options markets. You probably know that by investing in them, you can make substantial profits whether the markets are rising or OPTIONS MODICAL And you may even have realised that with today's uncertain stock market, putting some of your assets to work in futures and options may be the best financial decision

you could make. Even so, you may well be hesitating before embarking on an entirely new kind of investment.

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markets are serving GNIan increasing number of investors across the INTRODUCTION TOTHE FUTURES AND And shows you just how GNI - one of the leading futures broking houses in London - goes about helping its institutional and private clients.

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Jack Spills

Yugoslav

opposition

to PM's

reform plan

MR BRANKO MIKULIC, the Tugoelav Prime Minister who 10 days ago survived an attempt by the republics of Croatia and Slovenia to cust him, had been dealt a new political blow, this time by the country's kieological busies, who say they will not support his plan for accelerated country, reforms

The rebuil was dealt by landers of the Socialist Alliance, an increasingly influential undertile organisation in which the largest constituent is the Communist

party.
Mr Mikulic has asked Parlis

However, it has now emerged that at a meeting last week of the Socialist Alliance's federal practicety, the leading Communist, life Videje Zarkovic, said the body could not support either the accelerated approved of the whele package, or the idea of splitting it into two halves.

He was supported by the majority of the Socialist Allance's leaders, with the notable exception of hir Jose Smole, president of the alliance's Slovenia division, who said the ideas of hir Mikulic were worth considering.

The constitutional reform pro-

The constructional reacts pro-posals would facilitate foreign investment, by allowing oversess partners in Yugoslav enterprises a real degree of managerial con-trol, and pave the way for an equity capital system.

They are also intended to strengthen the federal Govern-ment and trim the gower of Yugoslav's republican and local administrations, whose influence

over the economy has been widely criticised.

Belgrade

anger over

army report

A BEIGHADE newspaper yeater-day criticised the Government of Slovenia for failing to dany with

sufficient firmuess a recent press

The Slovenian administration

has issued a statement denying that Yugoslavia's military chiefs had discussed a plan to send the

The daily Beigrads newspaper Politika Ekpres said this official response fell short of an conright

denial that the reported plan

In an open letter on Wednes-day, the Slovenian youth maga-zine Madina outlined what it

said was an army plan for mass arrests of liberals in which the

army would act to contain popu-

Misdins, an organ of the offi-cial Slovenian Socialist Youth Alliance, was banned earlier this

month from carrying a speech by

the Slovenian Communist Party leader, Mr Milan Kucan, at a closed meeting of the Yugoslay party cantral committee.

But it quoted Mr Kucan as say-ing that the Slovenian regional

lar protest.

CEDOLLS.

proposed changes.

Anti-Turk

minister

in Athens

By Andriana lerodiaconou

TWO bomb explosions dam-

aged cars belonging to Turkish embassy personnel in Athens

and two more bombs were

defused by police, as Mr Mesut

Yilmaz, Turkey's Foreign Min-

ister, arrived for five days of

Responsibility for the

attacks, which also blew an

embarrassing hole in the dra-

conian security operation mounted by the Greek authori-

talks.

bombs greet

# Grosz' reformist intentions doubted

HUNGARY'S NEW Communist party leader, Mr Karoly Grosz, faces intense scrutiny of his credentials as a reformer from the disaffected party members who helped force his veteran predecessor, Mr Janos Kadar, out of his

office on Sunday.

Advocates of economic and political reform have hailed as a victory the dismissal from the central committee of dozens of orthodox party apparatchiks and their replacement by reform-

minded managers and academics. But some quarters in the party were disappointed by the fact that Mr Grosz has opted to retain "temporarily" the post of Prime Minister, prompting scepticism about the prospects for a real separation between party and state.

One delegate at the weekend party conference, which relegated Mr Kadar to the ceremonial post of party president after \$2

post of party president after 82 years as Hungary's effective eader, reacted to Mr Grosz's retention of the two posts by striking his forehead in an eloquent central European gesture of frus-

"Look at the the document just approved by us," he said, refer-ring to a policy statement adopted by the conference which pledged that the party "must not take over the functions of the

Also, changes in the polithuro were less sweeping than radical reformers, who favour the damocratisation of party and political.

BY QUENTIN PEEL IN MOSCOW

THE REMOVAL from power of

Mr Janos Kadar was greeted in the Soviet Union with typical

understatement but apparent

relief, detectable only in the enthusiastic greeting sent by Mr Mikhail Gorbachev, the Soviet leader, to Mr Karoly Grosz, the

new party chief.
The positive Soviet reaction

was in marked contrast to the

cool response from East Ger-many's official media, and to the

total silence on the developments

in Hungary from the press in

tions which are already strained

Middle East peace initiative of Mr George Shultz, the US Secretary

IRA shooting

in Gibraltar

reports from London.

before August.

inquest delayed

A GIBRALTAR inquest into the killing of three unarmed Irish Republican Army (IRA) guerril-

las by British troops set for June 27 has been postponed, British

officials said yesteday, Reuter

They said Prime Minister Mar-

garet Thatcher's office had been

told that the delay was due to a

"Apparently they have a carni-

val set for that date and simply cannot police both things," an official said.

No new date had been set, but the officials said they now did not expect the inquest to open

The three, Danny McCann

Sean Savage and Mairead Farrell were shot by unidentified British soldiers on March 6 after parking

a car close to the governor's residence in central Gibraltar.

Hungary's ruling polithere: Karoly Grosz (57), general secretary and Premier, member since March 1985. Janos Berecz (57), party ideologist, member since June 1987. Judit Csehak (48), Minister of Health and Social Affairs, member

since June 1987.

Casha Hamori (39), head of Hungarian youth movement, polithuro member since March 1985.
Pal Ivanyi (46), mayor of Budapest, new member.
Janos Lukacs (53), Central Committee secretary since June 1987,

new polithuro member. Miklos Nemeth (40), Central Committee secretary in charge of eco-nomic policy since June 1987, new polithuro member. Reszo Nyers (65), economist and former polithuro member ousted in

Inte Possgay (54), head of Communist-sponsored Patriotic People's Front, new member. Istvan Szabo (63), agricultural co-operative expert, member since Ilona Tatai, age unknown, director-general of Taurus rubber plant,

Eight members of the old 13-member politburo were dropped: Janos Kadar, Karoly Nemeth, Sandor Gaspar, Ferenc Havasi, Gyoergy Lazar, Miklos Ovari, Laszlo Marothy, Gyoergy Aczel.

Relief in Moscow at departure of Kadar

relegated the upheaval in Buda-munist and workers' movement

m Hungary from the press in Romania.

Romania.

East Germany's offical news agency, ADN, stressed Mr Radar's final remarks at a special three-day Hungarian party con-

Peres in Brussels to ease strains with EC

THE ISRAELI Foreign Minister, ted to have a private meeting extended full diplomatic recogni-Mr Shimon Peres, meets his with Sir Geoffrey Howe, the Brit-tion to Israel, and its sympathies ranean affairs, recently endorsed European Community counter-ish Foreign Secretary, which is are pro-Arab.

attempt to overcome a cluster of in the way of convening a pro-trade disputes aggravating rela-posed international conference. Speedy approval by the European clearing the way for the resub-

French President Francois Mitterand (left), went on his ann

reformers were "co-opted" into ship.
the 11-member body. They are Mr
The document, while speaking
Imre Pozsgay, the liberal head of openness and inner-party
the Communist-backed Patriotic democracy, also reiterates many
People's Front, and Mr Rezso of the shibboleths of the tradi-

cannot get Hungarians to accept the sacrifices needed in order to built under the turn round the ailing economy.

But an examination of the party's This suggests

a one-party state. Western diplomats and East

In Moscow, the news was domi-

Israel is keen to resolve its

rotating European presidency on July 1 - a development regarded

with foreboding in Jerusalem.

'change course.

parts in Brussels today in an likely to be devoted to obstacles

by Israel's handling of the five-main points of friction with the month-old Palestinian uprising. EC before Greece takes over the A staunch supporter of the rotating European presidency on

of State, Mr Peres is also expec- Greece's Government has never

trade disputes aggravating rela-posed international conference.

Nyers, the father of Hungary's tional Stalinist party.

1968 economic reforms.

Orthodox "Socialist democ-

The others are largely technoracy, not democratic Socialism, crats who have served under Mr as demanded by the reformers, is Radar since 1985 and who could to be developed. The guaranter of be swayed in several directions. a "renewal" of the party is not to Mr Grosz realises that without be institutional controls but far-reaching political change be rather the "Socialist social system based on the people's power, built under the leadership of the

This suggested that Mr Grosz life, would like to see.

While the old guard of politithe sweeping reforms sought by
class surrounding Mr Kadar was
ousted, only two bona fide

policy statement indicated that may pull the brakes frequently inflation, taxes and unpayable on political reform, while allowmany within the party may be ing economic reforms relatively
unacceptable to the new leaderfree rein. The rationalisation for

only be within Communism and Kadar's leadership, ran on page called the change "an additional six."

European sources said Mr Erich
Honecker, the 75-year-old East
German leader, would view the
Hungarian shakeup with alarm
but would not feel forced to

Grozz was, however, appreciably
He said the Soviet Union and
more fulsome than his tribute to the rest of Eastern Europe was
Mr Kadar. He called the new seeing a "new wave of reforms",
leader "a principled Communist in which each country was seekbut would not feel forced to

praised his "vigorous activity".

nated by Mr Gorbachev's own merely "congratulations" and the gave factual coverage to the Hun-pre-summit interview with US modest acculade of "prominent garian changes but made no edi-journalists, which conveniently figure of the international Com-

Mr Gorbachev's greeting to Mr socialism as a whole

In contrast, Mr Kadar earned munist party daily Rude Pravo

Mr Peres will thus be urging export of Palestinian produce

Parliament of a trade protocol it mission of the treaty to the Par-

rejected in March. He is also liament. However, no date has

expected to give assurances on yet been set for its re-examina-the ending of import taxes tion and Western diplomats here regarded by the Commission as are uncertain whether the two-

Mr Claude Cheysson, the Euro- cation can be mustered now.

this, one party official noted, was that Hungarians "have never known genuine political democ-

Reform advocates regard this ocratic tradition in Hungary. although not a democratic society in the past," noted Mrs Julia Szalai, a prominent sociologist and board member of the TTDSZ. the new 1,200-member independent trade union for scientific

The party is wrong, I believe if it thinks of us as an infantile society," she observed yesterday at a union meeting which expressed a cautious welcome for the changes in the Hungarian

While some party officials were keen yesterday to describe Mr Grosz's assumption of power as an amicable handover, opposition groups said it was plain that Mr Kadar had been forced out.
"It was the first time in East-

ern Europe that a party leader was forced to resign by the party This is what was important," Mr Ferenc Koszeg, publisher of the opposition journal Beszelo, From ordinary Hungarians

there were some sceptical com-ments about the prospects for reform, even after Sunday's personnel changes. "Reform? No," said a taxi

driver. In any case, he asked, why more economic reforms when the old ones only gave us

ing its own appropriate solution.

• In Czechoslovakia, the Com-

Prague has embarked on a cau-

thirds majority it needs for ratifi-

in Switzerland. coup there in 1974. ference that the way ahead could account of the criticism of Mr adviser to Mr Gorbachev, who

ong there in 1974.

Mr Yilmaz has declared that
Turkey will not withdraw its
troops from the island, and
that he intends to visit the
self-styled Turkish Cypriot
state in northern Cyprus, which is recognised only by

Ankara. Accordingly, Mr Yilmaz has

cuss Cyprus in Athens. One of the things that the Greek dele-gations, headed by Mr Karolos Papoulias, the Foreign Minis-ter, will be trying to glean over the next few days will be the extent to which Mr Yilmaz is speaking independently of Mr Ozal.

Asked at the signest what he

cted from his Athens talks, Mr Yilmaz replied laconically: "Friendship". The agenda for this week's talks was not officially known yes-

However, the Greek side is expected to raise the issue of military exercises in the Aegean, particularly in the light of a barrage of alleged Turkish violations of Greek air

# Woman in car

A WOMAN rammed her speed-ing car into the western side of the Berlin Wall early yester-day and was seriously injured,

taken to a West Berlin hospital after crashing her car into the base of the East German built concrete barrier, West Berlin police said.

# Row with teachers challenges Italian spending curbs

union system representing 1m discontented schoolteschers is emerging as the first major challenge to the new Italian government's authority and to its strat-egy for curbing public spending. Pay negotiations are due to resume this evening against the background of widening industrial action which is haiting the continuous assessment process for many thousands of Italian schoolchildren and which could

ties for Mr Yilmaz's visit, was block school-leavers' final examiclaimed by "November 17". nations in three months. An anxious Mr Ciriaco de Mita, the Christian Democrat leader This is a shadowy terrorist organisation with a record of unsolved bombings and assaswho formed his government only a little over a month ago, has appealed to teachers to co-opersinations of Americans and Greeks in Athens stretching back to 1975.

ate and to allow the school year to close "without traumas".

The present climate of unrest is said to follow years of govern-ment neglect of the primary and Security arrangements for the minister's visit included details of frogmen assigned to patrol the waters of the sea-side hotel at which he will be staying until his departure on secondary school system. The result is a superabundance of teachers - the Government wants Friday. Mr Yilmaz, who is the first to redeploy 50,000 by 1990 - who complain of bureaucratic interfer-ence, low professional standards

Turkish Foreign Minister to visit Greece since the Socialist Government took office here in starting salaries are around Liom (\$4,378) a year and rise to around Li8m-L20m at retirement 1981, has made himself highly unpopular in Athens in recent weeks with a series of hawkish

statements on Cyprus. He has said that the Cyprus Spiralling dissatisfaction was marked a couple of years ago by the emergence of a rank-and-file breaksway group from the three mainstream trade union confed-erations, which called itself issue is unrelated to the "Davos" process of Greek-Turkish reconciliation, begun in January when the two coun-tries held an informal summit

Turkey invaded and occu-pied the northern third of the island republic in the wake of a short-lived Greek military

Accordingly, Mr Yllinaz has ruled out any discussion of the Cyprus issue in this week's talks. These properly begin today, and are designed to prepare the way for an official visit to Greece on June 13 by Mr Turgut Ozal, the Turkish Prime Minister.

Mr Ozal by contract has

Mr Ozal, by contrast, has expressed willingness to dis-cuss Cyprus in Athens. One of

Asked at the airport what he

Greek press reports also suggested that the talks would include confidence building measures such as the lifting of Greek visa requirements for holders of Turkish diplomatic passports and the approval of land in Istanbel for the construction of a Greek Emb in exchange for permission for extension work on the Turkish Embassy in Athens and the granting of land for new Turkish consulates in Rhodes and Thrace.

# rams Berlin wall

according to police, AP reports from Berlin. The 20-year-old woman was

AN INCREASINGLY bitter dis-pute with a fragmented trade the authority of their traditional tmions. But the original Cobes has split into a radical and moderate wing - the latter having adopted the name Glida

Add in a longer-established independent teaching union, Snals, which claims 180,000 mem-bers, and the result is a negotia-ting nightmare for the Govern-

Only the three traditional union confederations, GISL, CGIL, and UIL, will be present at today's negotiations, since the ministra who are personally handling the talks are refusing to meet the other groups because they are staging industrial action.

they are staging industrial ment to approve a safet Parlisaction.

They are also trying to bid up any possible pay deal, ready to condemn the confederations for any "sell-out" and possibly able to push increase the whole package as only as that agreed with the Government.

Ministers are making efforts to key a deal, partly because there

to undermine any settlement agreed with the Government.

Ministers are making efforts to buy a deal, parity because there seems to be strong public sympathy for the teachers' pay grievances and parity for fear that the dispute could affect the outcome of local elections this weekend.

The Government has already

The Government has already tabled a three-year deal worth L5,000hn, despite the fact that this year's budget has allocated only 1.700m and that the Cabinet is due tomorrow to adopt a madium-term programme of budgetary austerity.

There is no indication that any such pay deal can be financed within the terms of this new strategy without still higher taxes than those projected. This has since become a generic term for all dissatisfied

#### New era for neo-fascist party as old leaders die BY JOHN WYLES IN ROME

ITALY'S neo-fascist party, the MSI, today buries two of the men who have dominated its post-war history. The deaths over the weekend of Giorgio Almirante and Pino Rosmaldi have sparked fresh interest in the party's future strategies under the leadership of 35-year-old Mr Gian-

franco Fini. Handpicked by Mr Almirante when he stepped down after 20 years as party secretary last December, Mr Fini's struggles to establish an identity for himself and the MSI have recently included a very public adoption of Mr Jean-Marie Le Peu, the leader of France's extreme right-wing National Front who recently polled such a controver-sial and unexpected vote in the first round of France's presidential elections.

Mr Fini has so far only dipped a toe in the waters of racial polities by calling for strict immigra-tion controls. But his association with Mr Le Pen has already prompted some public heart searching by the mainstream par-ties about the quality of race relations in Italy and the dangers

of a racialist upsurge.

According to an authoritative study just published by the Institute for Economic and Social

whom 300,000 have settled illegally and another 350,000 are occasional immigrants employed in the unofficial economy.

The death of Mr Almirants on Sunday has caused much grief among older MSI members, both

because of the personal affection he commanded and because his he commanded and because his passing breaks the last important link with Benito Mussolini. The 73-year-old former MSI leader served as a ministetial aide in the Rapublic of Salo which Mus-solini set up behind German lines in 1943. Mr Abnirante never ceased to

insist on the importance of the MSI's fascist heritage, although he himself did much to make the party respectable - transforming its sartorial association from blackshirts to double-breasted suits - and to establish its electreport that the army had plans to toral position as the country's fourth largest.

Ironically, Mr Romualdi was often on the opposite and, in recent years, losing side of party arguments to Mr Almirante. A former vice secretary and president of the party, 74 year old Mr army into the region to crush lib-Romualdi also served the Salo eral trends. Republic and was imprisoned for three and a half years after the war. He was a major propagan-dist for the MSI and at his death Studies, there are now 1.1m cal-oured immigrants in Italy, of per, Il Secolo d'Italia.

#### Finnish communist chief 'to resign' over scandal

cies report from Helsinki. Moscow Democratic Alliance, and The report said that Mr Arvo the creation of a third splinter Aalto, the party's chairman, will was announced last week.

hand in his resignation at a Cen. Dissident Marxists have set up tral Committee meeting next Finland's third communist group-week and that the 11-man politing, accusing the mainstream baro would offer its resignation. party and a breakaway group of The radio said that Mr Asito, lacking revolutionary real.

loss of \$25m when the party sold
Indian in Heistuki and bought Moscow in 1918 but outlawed shares in a Finnish clothing company and other investments when it rapidly became one of which suffered from the world Finland's two biggest parties, stock market crisis last October. with the Social Democrats.

THE HEAD OF the Finnish Communist Party is resigning, taking with other Eurocommunists, is responsibility for costly speculation on the stock market, Finnish radio reported yesterday, agentics report from Helsinki.

The party, which is aligned with other Eurocommunist, is the larger of two communist incomes responsibility for costing and the creation of a third collection.

58, was quitting to restore confidence which the party lost when the capitalist enterprise received worldwide publicity.

The group said that it planned to register formally as a party which, analysts said, would further splinter one of the world's the splinter one of the world's The move follows an estimated oldest communist movem

army commender had approached the region's security authorities offering help to con-tain civil disorder. Friday's Slovenian statement responding to the Misdisa report denied that such a plan was discussed, but did not specifically deny it existed.
"[The statement] is ... highly

unconvincing and pale and does not even begin to answer a provo-cation as gross as that of the Sin-venian youth magazine," Expres

"Like Misding, residus can, on the basis of this ansemic statement, form their own speculations, starting with why the statement did not clearly state that absolutely no eccitate for army man drawn man army man in March," it said.

#### FINANCIAL TIMES

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# Tim Dickson reports on political conditions imposed by the Grand Duchy's largest foreign investor

# Bitter row erupts in Luxembourg over Sunday working According to Mr Billy Thielen, that we can modify our existing Luxembourg's Independent the public relations manager for processes," he explains. Union, which has close contacts that the companies like Arbed — whose companies like Arbed — whose contacts that the contact that t

LABOUR DISPUTES IN Luxenbourg are normally low-key and unexceptional events. But there has erupted this year an extraordinarily bitter and as yet unre-solved row over Sunday working at the local Goodyear plant.

Speeches by the trade union bosses on May Day, for example, were liberally and in places col-ourfully sprinkled with references to the world's biggest tyre maker, which amounced in Janmaker, which approduced in January that a planned LuxFr 300m (£4.5m) investment project would go ahead only if the workforce at its wire plant in the Grand Duchy accepted seven-day shifts.

The move has deepened the split between the Christian Union (the LCGB), which fiercely opposes the idea in principle, and the left-leaning independent Union (the OGEL), whose leaders appear willing, albeit reluctantly,

to go along with the plan pro-vided the terms are right.

It has touched a sensitive political nerve, creating new tensions inside the Christian Social/Socialist coalition and raising the temperature of debate at a time when elections are looming. And it has highlighted the deep-rooted influence of the Roman Catholic Church in a country probably best known internationally as a burgeoning "offshore" centre of financial services.

Goodvear's presence in Luxembourg dates back to 1951, when it started making tyres at a small factory. The company is now the wire plant, which makes factory. The company is now the wire plant, which makes country's biggest foreign-owned reinforced steel cable for tyres, is business, with a total payroll of the priority area for the moment. around 4,200. Only Arbed, the "In order to remain competitive once mighty steel concern, is and turn out the newest-technol-business industrial any turns was here to invest a conventage day, a further 40 conventage to the contract of the company of the company of the company is now the wire plant on January 1 1990." Altogether the company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The company is now the will close the wire plant on January 1 1990. The comp

ing leader, Jean Marie Le Pen prayed at a war memorial in Marseille, where he is is to stand as a candidate in the general elections.

The labour dispute has touched a sensitive political nerve, creating new tensions in the coalition at a time when elections are looming. It has also highlighted the deep-rooted influence of the Catholic Church

today a bigger industrial ogy wire, we have to invest a employees would be required to employer.

considerable amount of money so operate the new shifts.

pany is keen to introduce seven-day working throughout its facto-ries in the Grand Duchy. But the that if we do not get an agree-that if we do not get an agree-that if we do not get an agree-Grand Duchy's conciliation pro-cedure for a cut in the working week, an increase in annual holidays, and double-time payments for the Sabbath shift. The union has reserved judgment on a part of the proposed package but its spokesman commented: "We believe that we ultimately have no choice on the question of Sun-day work."

> For the moment at least the position of the Independent Union appears academic, since the rival Christian Union which claims the support of a majority of the workforce at the wire plant itself, refuses even to contem-

tinuous process manufacturing plants must be kept going through the weekend for "technical" reasons - and those like Goodyear which it says wants to enforce Sunday working for straightforward "economic" rea-In the current stalemate most

observers expect the next move to be made by the Government, which under a law of 1913 cart permit temporary Sunday work-ing at a given establishment without jeopardising the underly-ing principle.

With public interest high, how-ever, the Catholic church openly supporting the Union's militant stand, and Goodyear seemingly adopting an uncompromising

approach, Mr Jean-Claude Juncker, the Minister of Works, is stepping into a political mine-field. His decision has been made even more delicate by the fact that he is a member of the con-servative Christian Social party.

Besides the religious sensibilities (evident in another hotlyted political debate on education), there are major economic considerations for the Grand, Duchy in keeping a leading employer content. Insiders, believe that this consideration has ultimately won the day.

Some Luxembourgers are w shade scriptical about the com-pany's public assurances and worry that the hard-headed men. at Goodyear's headquarters in Akron, Ohio, might just welcome a pretext like obstruction of Sunday working to reduce their com-

# Ex-president Nair calls on Singapore's PM to resign

THE POLITICAL ROW OVER alleged US interference in Singapore intensified yesterday when Mr Devan Nair, a former President of the republic, called for the resignation of Mr Lee Kuan Yew, the Prime Minister, and senior ministers made further attacks on members of the US

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Mr. Lee had become an alba-tross around the necks of the younger generation, declared Mr Devan Nair in Kuala Lumpur, the capital of neighbouring Mal-

He had been a superb captain of a superb team, he said. Economically there was considerable evidence of Mr Lee's skill as a manager, but it was married to what Mr Nair described as "an abysmal political style; intolerant

The row with the US he said. was a case of "beating the nationalist drum, so typical of people who are politically bankrupt." In a statement before he left for Kuala Lumpur at the week-end, Mr Devan Nair drew a comparison between the behaviour of Mr. Lee in courting foreign gov-eraments when he was in opposition, with that of Mr Francis

Mr Seow, a former Solicitor General currently being held without trial, is accused of developing subversive contacts with American officials. Mr Lee demanded an apology for "this

Mr Seow had been planning to stand as an opposition candidate at the general elections later this year and is said to have sought guarantees of political asylum in the US if he ran into trouble with

The Singapore Government still seems undecided about how far up the US Administration the perceived plot to interfere in its domestic politics stretches.



Brig Gen Lee Hsieng Loong, Minister of Trade and Industry: US attempts to encourage a group of Singaporeans to run in elections were "full, frontal and blatant." US diplo-mat Mason Hendrickson would have been arrested if not for his diplomatic immunity

named other State Department nalists doing the same thing officials whom they said had would get the same treatment.

Brig Gen Lee, who is the Prime son, the US diplomat who was Minister's son and a probable told to leave the country two future Prime Minister, said that

Brig Gen Lee Hsien Loong, the Minister of Trade and Industry, with the US and noped that there would not be any more "intemperate" responses from Washington which might force a complete matic immunity he would have been arrested.

However, ministers have other diplomats or foreign jour-

Singapore was trying to contain the damage done to its relations with the US and hoped that there

The US has strongly denied the It has accepted a letter from Mr

George Shultz, the Secretary of group of Singaporeans to run in State, stating that it was not US

His attempts to encourage a Singaporean allegations and has defended Mr Hendrickson's activities, stating that it was not US

the elections were "full, frontal ities as normal diplomatic pracPhilippine views differ on the likely impact of land reform

# Manila ponders its land policy

pine Congress these days and you will find land reform upon their

But Mr Alvarez is not thinking

about owning land at the moment, only about whether he

and his seven brothers will be able to inherit the tenancy

arrangement when his father dies. The Aguinaldo family has

said it wants to put their two

hectares to more profitable,

Then there is the worry about how to borrow funds to buy for seed, fertiliser and pesticide with-

out going to the loan sharks. These legendary rural usurers

can lend five pesos and receive six back on the seventh day

because the peasants have no col-lateral for "official" bank credit. In effect the peasants pay inter-

Sitting on the porch of his father's scanty breeze block

ouse, Mr Alvarez seems over-

whelmed by the workaday tron-bles of being a tenant and says

that owning land was an "illu-

sion" that quickly passed away.
"If Cory (Aquino) has sincerity

to do genuine land reform, then

she can do it," he says. "But we look at Congress and at the whole system in the country."

FO-80

est of 20 per cent a week.

it is variously described as the key to defeating the communist-led – but peasant-backed – guerilla insurgency and a confiscatory plot that will tragger, rather than sulp could proceed TWO JEWISH journalists face up to 40 years' imprisonment after being formally charged yesterday with working for a Palestinian Marxist organisation dedicated to the destructhan calm, social unrest.
On the other hand, talk to
peasants like Alberto Alvarez,
who would benefit from the redis-

tion of the Israeli state.

Mrs Michal Schwartz and Mrs Roni Ben-Efrat were edi-tors and co-founders of a fartribution of land and they are left newspaper, Derech Hanit-zotz, closed down by the secucuriously unexcited by the antics in Congress,
Alberto Alvarez and his family
are only unusual because they rity authorities in February. Four more of its staff, includwork more fertile land than

ing the publisher, are also under arrest. published in both Hebrew and Arabic, is accused of acting as a front for the Democratic Front for the Liberation of Pal-

Israeli

charged

By Andrew Whitley in Jerusalem

journalists

Red Cross digs in

The International Commit-tee of the Red Cross yesterday rejected a controversial Ethio-pian demand that it should remove thousands of tonnes of emergency food and equipment from the country within two weeks if it did not want to hand the stocks over to Ethio-pian aid agencies for distribution to the hungry, Victor Mal-let writes from Addis Ababa.

"We won't be moving food out of Ethiopia," said Mr Vin-cent Bernard, ICRC spokesman. ICRC officials hope to degotiate a temporary solution degotiate a remposed to the dispute soon.

S African MP slain Mr Peter Sam Jacobs, a sember of the majority Labor Party in the South African House of Representatives, the mixed-race chamber of Parliament, was shot dead in his car Sunday night by an unknown assailant, police said, AP writes from Johannesburg. TALK TO ANYONE in the Philip from Spanish colonial times, in in Tartaria, even Senator Alvares the 19th century to the present.

According to Senator Heherson Alvarez, who is fighting to keep land reform legislation alive, the old land-owning families and their surrogates in the House of their surrogates in the House of associates of former President Nations, conferred yesterday Representatives "have come Perdinand Marcos who are no with Kuwait's emir on ways of together and are mounting an longer in the country, and they

Barlier this year the House voted, 119 against 46, for a ver-slop of land reform that its authors admit is a stalling tactic and would leave most landlords

A House and Senate conference committee is now sitting to reconcile the two versions of the many of the country's 35m peas-ants, land that is owned by the grandson of the first Philippine president, Emilio Aguinaldo. bill, while President Corazon Aquino has steered clear of the debate. Before she lost her powers to legislate by fiat to the newly elected Congress in 1987, she passed a bill outlining, in very general terms, her adminis-

tration's backing for land reform.
But Mrs Aquino, whose family
owns one of the country's largest sugar estates, left all the explosive details to Congress, thereby missing the opportunity to change the face of Philippine pol-

"The cost is perhaps the long-run strengthening of the hand of the left," says the disillusioned Senator Alvarez. "The countryside will die. It is very vulnerable

to more radical solutions."
His attitude is typical of Fili-pino and foreign observers who believe the 20-year long insur-gency is a homespun peasant

though the land reform schemes all include compensation for the landlords, what the country's elite is really being asked to do is to give up its source of political power. "You release the people from bondage and you release the

He is referring to the way that political power and land have To his namesake, Alberto country could be a peasa been inexiricably linked together Alvarez, 70 miles south of Manila had him killed," he says.

THE ABILITY TO FAX THE UNFAXABLE.

holds out no hope. His local farmers' group has tried to take the initiative. They have squatted on a small amount of land that belongs to

have tried to set up a co-opera-But progress is halting and reports from Kuwait.

Onely without support from the Gen Walters was received by lonely without support from the

Government. Inevitably, they spend hours musing about what they have always seen as their land and the history of the peasant struggle. To them, the massacre of 16

easants by Government marine in Manila during a rally for land reform in January 1986 was far more momentous than the dracivilian-backed military revolt almost a year earlier.

They retell stories, now veiled in mystery and myth, of how they lost the land. Their forefa-thers, Alberto Alvarez says, had before Aguinaldo arrived to claim the land in 1911, by which time he was a former president and the aggressor colonial subject of the Americans, like all Filipinos. The United follow-up reso

Because they were ignorant and they recognised Aguinaldo as the former president, they simply bowed their heads and moved off the land, he recounts. They giggle now that their children are correcting their teachers' accounts of Philippine history.

revolt, based on a struggle for land rather than a revolution that has deep ideological roots.

But he is also fully aware of the magnitude of the task. Even killed so he could become President himself in 1899. True or not - Filipino histori-

ans do not agree - it is what Alberto Alvarez and his family believe.

"Aquinaldo could not accept vote," he says.

To his namesake, Alberto country could be a peasant so he

#### US envoy in **Kuwait for** Middle East peace talks

GENERAL Vernon Walters, the US Ambassador to the United ending the Iran-Iraq war and the Palestinian problem, the Kuwait

Sheik Jaber Al-Ahmed Al-Sabah, the agency said, but gave no details of the discussions. Gen Walters also met the Crown Prince and Prime Minis-

ter, Sheik Saad Al-Abdullah Al-Sabah, the agency reported. When Gen Walters arrived in Kuwait on Sunday, sources said, he sought to sound out Kuwaiti UN Security Council's resolution calling for a cease-fire in the Gulf

conflict Gen Walters, who is touring several Arab countries, flew to Kuwait from Iraq, which has said if Iran does, Iran has demanded that Iraq must first be branded

The United States has sought a follow-up resolution to impose an arms embargo on the Iranians for

failing to give an unequivocal response. Gen Walters complained in Baghdad that the Soviet Union ing as we want them to be" on an

arms embargo. Moscow is Iraq's main arms supplier. US officials said China has sold Iran missiles, aircraft and tanks.

The Soviet Union, China, the US, Britain and France are per-manent members of the UN Secu-

Kuwait, among the Gulf Arab states, has been hardest hit by the war. Iran accuses it of aiding Iraq and has fired missiles at its coastal regions and attacked its

# Tunis, Tripoli ease border rules

TUNISIA and Libya, in a sign of Tunisia and Libya were reopened rapidly improving relations, have at the end of last year, Tunisian agreed to remove restrictions on nationals, especially from the movement of goods and people impoverished southern proving

acors their border.

Following a visit to Tunisia by
Col. Mnammer Gadeffi, the Lib ders had been closed in summer
yan leader on Sunitay, the two 1984; when the Labyan leader
countries agreed to Issue a common identity card which would working in his country,
allow citizens of one country the truth to reside, work and own
tourists are meanwhile streaming to their northern neighbour in

to their northern neighbour in decline in expenditure on It was the third visit to the order to sample its relatively defence, a heavy burden in recent country by Col Gadaffi in six easy-going lifestyle. They are months and underlined how far expected to contribute at least relations between the two countries have come since Tunisian ings from tourism which last

in Libya, improved relations between the two countries will be North Africa's smallest state.

improved relations could also lead to a more active role for the joint Libyen-Tunisian investment bank and the creation of much needed employment opportuni-ties in Tunisia.

They could also result in a years, and greater stability in the region. Such stability can only help Tunisia develop its tourist industry which, since th President Zine El Abidine Ben All succeeded Habib Bourguiba 55000. Considering the value of years ago, has become the combast November.

Since the frontiers between receipts from Tunislans working earner.

# Nigeria Airways' debt crisis deepens

NICERIA AIRWAYS was plunged deeper into crisis at the weekend after another of its aircraft was pany. Sogerma seized the first pany. ST - AND HER SE seized in France over a \$20m 

ebt, Reuter reports from Lagos. The national airline's managing director, Major-General Olu

pany. Sogerma seized the first, Airbus last January, alleging non-payment of \$13m, and this latest move leaves Nigeria Airways with just one operational Airbus out of the four it owns.

Sogerma said in April that Nigeria Airways owed a further \$5m to the makers of the wide-

Bajowa, said on Sunday a French
Court had prevented the Airbus out of the four it owns.

Two are now blocked at Merigand that he-was continuing his allow necessitated by a crash third is parked in a hangar at the latest seizure was unfair.

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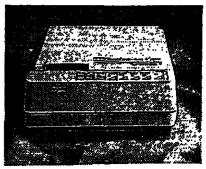
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BY DAVID GARDNER IN MEXICO CITY

regime to succeed Mr Miguel de Mr Cardenas, the son of the tions on July 6, would will by a coording to go opinion against Mr Cardenas, is given 26.3 and opinion against Mr Cardenas, who is mounting the most threatening carminal margin, according to per cent of preferences as a substantial margin according to per cent of preferences as a substantial margin according to per cent of preferences as a substantial margin according to p MR Carlos Salinas de Gortari, the has displaced Mr Manuel Clouth- shows that it remains Mexico's

The poll, carried out in April in Mexico City, gives Mr Salinas The PAN has been the 71-year 45.4 per cent of the vote but old regime's traditional and man-

Reagan envoy

to hold talks

with Noriega

PRESIDENT Reagan has sent senior envoy to Panama to con-tinue talks aimed at ousting the

country's strongman, Gen Man-

uel Noriega.
The White House hopes that

wrap up a deal with Gen Noriega

before Mr Reagan leaves tomor-row for his summit in Moscow with Mr Mikhail Gorbachev.

Mr Michael Armacost, a senior

State Department official, said yesterday: "It would be desirable

to clear it up while the President is on our own soil."

resignation of Gen Noriega as head of the Panamanian Defence

Forces is on the table, but it is

far from clear if he will agree to

step down. Gen Noriega may be encouraged to raise the negotia-ting stakes in the light of bitter

divisions which resurfaced in Washington in the last few days.

at the White House, Vice-President George Bush repeated his opposition to the Administra-

tion's basic plan, which is to drop federal drug-trafficking charges

against Gen Noriega in return for

Mr James Baker, Treasury Secretary and a Bush ally, is said to have joined the Vice-President.

"Jim Baker argued the Bush posi-tion with great vigour, more forcefully than Bush himself," a

However, Mr George Shultz, US Secretary of State, backed by

national security adviser Gen

Colin Powell, pressed for more talks, arguing that a tentative deal was in place.

US official said.

At two rare weekend meetings

A US proposal for securing the

By Lionel Barber in Washington

tions on July 6, would win by a Lazaro Cardenas, is given zon tions on July 6, would win by a Lazaro Cardenas, is given zon the PRI has faced since 1940, operate as left-wing positions and opinion poll published yester against the 9.9 per cent of Mr has been drawing huge crowds.

Cloublier a former business
PRI strategists, while claiming the left ineffections.

PRI strategists, while claiming the left ineffections.

A respected former minister

The PAN has been the 71-year appears to confirm that Mr ageable opposition, polling 16 per Cuauhtemoc Cardenas, a left- cent against Mr de la Madrid's 71 wing nationalist PRI dissident, per cent in 1982. Yesterday's poll

They have also tried to mobi-

he represents no threat, have A respected former minister used their de facto control of the said: "If Cuauhtemoc [Cardenas]

media to try to discredit him as a goes to the UNAM we risk desta-neo-populist anachronism who bilisation of all the universities would plunge Mexico into chaos but if he doesn't, his candidacy is and bloodshed.

# Mexico risk on exchange rate

MEXICO is to keep its exchange rate frozen until at least the end of August as part of its anti-inflation shock plan, the Government announced on Sunday night.
The measure is a bold risk, since most analysts foresee speculation building against the peso in advance of July's presidential elections, in which the Institu-tional Bevolutionary Party (PRI) Mr Michael Kozak, a senior US State Department official, can regime faces its most vigorous challenge at the polls since 1940.

The rate of price rises has

The decision signals that the authorities are prepared to spend part of Mexico's \$17bn reserves in defending the peso as well as demonstrating a new confidence stary price restraint by the private than 100 percentage points under tary price restraint by the private the pact, and they are expected to sector, a de facto wage freeze, fall significantly further at the cheap imports, and a radical cut mid-week auction of Treasury line government spending.

that the anti-inflation drive is Announcing that wages and prices would remain frozen for three more months, Mr Arsenio dropped from 15 per cent a month Farell, the Labour Minister, said at the cutset of the plan, known that in the first quarter governas the Economic Solidarity Pact, ment income had risen 9.6 per to an estimated figure of below 2

per cent for this month. The peso has effectively been frozen against the dollar since mid-December, anchoring the plan.

The plan's other central meaning the plan interest rate reductions. Domestic the control of the plan interest rate reductions. sures are a price freeze on public tic rates have come down more

# Tyres deal boosts hopes on pay

THE United Rubber Workers, the main union in the US tyre and rubber industry, said yesterday that its members had accepted pay deals which would boost real wages by less than 1 per cent

over the next three years. The workers' acceptance of a modest pay settlement at a time when the US tyre industry is ben-efiting from the devalued dollar and when unemployment is declining sharply in the Mid-West manufacturing heartland, may help to allay anxieties about inflationary pressures from

wages in the year ahead.

The announcement by the United Rubber Workers that members had ratified a controversial new contract at Goodyear. the industry's leading company, came one day after the end of a one-week strike at Firestone, the country's third largest tyre

The Goodyear ratification fol-

pay increase beyond an annual cost-of-living adjustment. Workers at Firestone, which has recently been taken over by Bridsestone of Japan, went on strike over a pay offer broadly similar to the initial Goodyear proposal.

Over the weekend, the company improved its offer to match the

lowed a near-breakdown in talks hour over the next three years, wage demands

last month over the company's there will be no real gain in the proposal, which would have workers inflation-adjusted pay at offered workers no guaranteed the end of the contract period. covers only about 15,000 workers at Goodyear and about the same number at other companies, it is

considered a significant pointer to trends in the rest of US manufacturing industry. Contracts are due to expire this year for about 40 per cent of the 6.3m unionised workers covered terms of the deal put forward at 6.3m unionised workers covered Goodyear, and the URW called off by major multi-year collective

its strike.

The Goodyear deal provides an immediate increase of 25 cents an hour in wages. This is equivalent in 1987 and have declined in to just over 1 per cent of the URW's total wage and benefits three of the last four years. Now URW's total wage and benefits three of the last four years. Now that US unemployment has fallen package, which is at present to a 14-year low and demand for worth about \$20 an hour.

The pay increase will be policy makers at the Federal clawed back out of future cost of Reserve Board are becoming any increases. Thus, if the cost ious that unions will try to be presented as the pay increases. living increases. Thus, if the cost ious that unions will try to of living increases by more than recover those losses in real purthe equivalent of 25 cents an chasing power through higher

#### IMF chief warns of inflation dangers

By Lionel Barber

MR MICHEL CAMDESSUS, managing director of the Interna-tional Monetary Fund, yesterday issued a warning about the resur-gence of world inflation. He said monetary expansion in a number of industrialised countries, notably the US, had lately been rela-

tively rapid.
While sensible policies should ensure that inflation remains subdued, "governments will have to be particularly vigilant in this area," he declared.
Mr Camdessus was speaking

before the Australian Institute of Management's Bicentennial International Management Conference at the Gold Coast in Queensland, Australia.

He singled out the US, where he said the depreciation of the dollar still affected import prices. "The virtual elimination of economic slack could result in some pottlenecks and a resurgence of

inflationary pressures." His remarks about the dangers of inflation follow the disclosure that the main policy-making com-mittee of the US Federal Reserve system voted this spring to

tighten monetary policy. The Federal Open Market Committee issued a report of its March 29 meeting in which mem-bers said higher interest rates were needed "to prevent the busi-ness expansion from gathering excessive and unsustainable momentum that would lead to higher inflation".

Mr Camdessus's speech echoed market fears, while stressing the need for a reduction in trade and fiscal imbalances. He said the two great challenges facing the world economy were how to reduce these payment imbalances while not sacrificing the gains of recent years in bringing down inflation, and how to enable countries to grow out of their debt-servicing burdens.

#### CORRECTION

#### Repremar

In a story on May 10 we reported that Repremar, which owns the Falklands Squid Company and operates out of Port Stanley, is owned by an Argentine company. Repremar is in fact a Uruguayan

# Brazil's market planners tumble across the light groping in the economic dark fol-

AFTER EIGHTEEN MONTHS of Ivo Dawnay analyses the are bettering on the Breatlines doubts over the prospects for the new

lowing the end of the disastrous price-freezing cruzado plan. Bra-zil seems now finally to have stumbled across the light-switch. Whether, however, the newfound verities of public sector, austerity and trade liberalisation will be effectively carried through is the question now intriguing the business and, most of all, the international financial community, currently perusing the terms for a new batch of loans to shore up the country's

battered economy.

That, after months of vacillation, such a question is even being asked is, in itself, an extremely positive sign. At the beginning of May, a staccato series of measures to cut the country's public sector deficit from over 7 per cent to 4 per cent of gross domestic product (GDP) had looked hesitant and half-

hearted. Last week, that outlook changed radically, however, with a package of decree laws that went considerably beyond the expectations of those seeking an opening up of the Brazilian economy to the international market-

They were followed by tough budgetary revisions - calculat-ing year-end inflation of 600 per cent for 1988 and not the vastly optimistic 120 per cent first fore-cast — which sliced Cruzado 368bn (£1.28 bn) from a federal budget of Cz 8,000bn. Both these measures had long

been advocated by the critics of President Jose Sarney's Govern-ment at home and abroad. But such has been the scepticism over the administration's capacity for firm action that even now many cynics are hinting that the moves may merely be window dressing for the inspection of the International Monetary Fund (IMF) team now in the country.

Mr Sarney's announcement of

mr Sarney's announcement of a "democratic opening" of the economy cannot be shrugged off as mere gesture politics, how-ever. If the decree-laws now signed are properly applied, Bra-ril is now properly applied, Bra-

system by which Brazil has reduced its non-oil imports to less than 4 per cent of its \$313bo GDP.

economic package aimed at liberalising trade



reduced and exporters of more than 3,000 products can do so

Furthermore, the nervous resction of some of the less competitive sectors of Brazilian industry to the plan suggests that they at least believe that the Government intends to carry out the

This is not to argue that the package is an exact model of the non-discretionary tariff regime long advocated by the World Hank. Probably, the Bank's economists would have sought a yet more radical liberalisation, the climination of all industrial elimination of all industrial it incentives and a currency devalu-

In addition, they abandon that, after last year's debt more financial community that this many incentives, exemptions and torium, hungry foreign investors new momentum continues.

door.

Moreover, vital questions have sell to be answered on the exact terms of the liberalisation.

What, for example, will be the rulings on imported technical goods containing micro-processors? Corrently, licenses for such equipment can be beauted outright by the SEL the state computer industry secretarist which mentions and administers protection of the sector. Without state revision here many of the techno-

revision here many of the technological provisions will be worth Recent signals, however, sug-gest that pressures from Brazil-ian industry are already clipping SETs wings and that the secretar-iat is now ready to compremise, if only to ensure its survival.

I only in ensure its silvival.

Less compromising, on the other hand, is Congress itself. So far, still shoothed by drafting the new constitution, the 529 deputies and senators have all but ignored both the trade measures and the hydrat care.

da Nobrega: needs rapid deal

other discretionary bureaucratic red tape that have proved a temoralising hurdle in the past for importers and exporters alike.

From now on, any company interested in setting up in Brazil 20 per cent a month and an auticular rate computer sector — can do so without hindrance, while import far importers fixed and exporters of more than 3,000 products can do so in the wilderness.

legislative powers after 24 years in the wilderness.

But congressional support is not all the Government needs. Mr.

Sarney may well find that several big-spending ministries — not isless the military — now facing reductions of up to 20 per cent it their disposable resources may prove less shie to deliver in practice what they have now agreed in ministrials.

in principle.

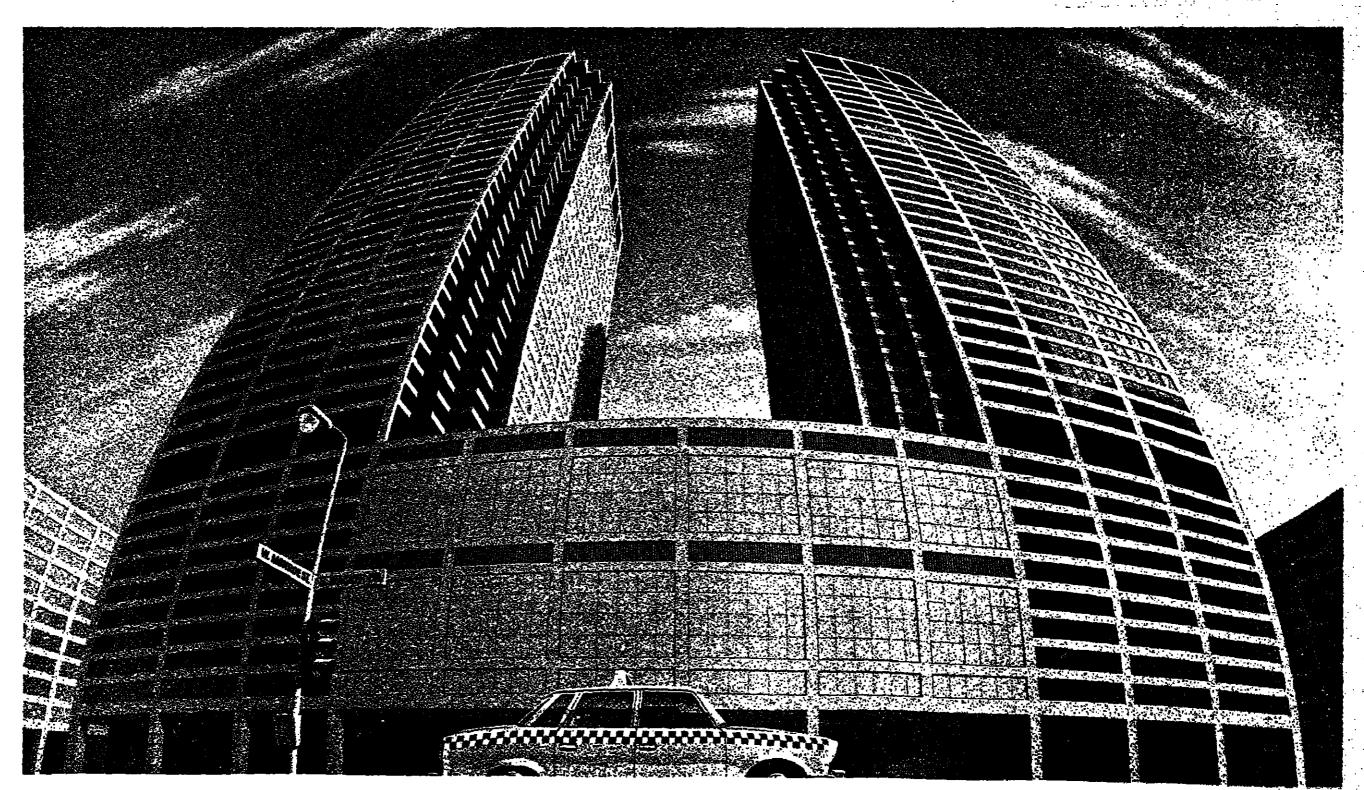
Having won these concessions out of his head of state, Mr Mallson de Nobrega, the Finance Min-ister, now needs a rapid deal with his foreign creditors. He must get

economy cannot be shrugged off as mere gesture politics, however. If the decree-laws now signed are properly applied, Brazil is now proposing to adopt the most liberal trading regime in its history.

The new regulations bury once and for all the 40-year-old strate egy of import substitution — the system by which Brazil has for Brazil.

for Brazil.

Such a change, however, will the ball, but has lobbed it into take months if not years to make the private sector's court. It is in itself felt and no realist can argue the interests of the international



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By Lynton McLain

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A. CONTRACTOR THE RESIDENCE OF THE PARTY OF T

10.15

ROLLS-ROYCE, the UK sero-engine builder, and International Lease Finance Corporation (LFC) of the US reached agree-ment yesterday for the supply of 26 Rolls-Royce engines to power three types of Boeing airliner. The Boeing airliners are part of the largest companying airliner

the largest commercial airliner order ever placed, for 130 abiliners, which ILFC announced last week. General Electric, one of the two large US aero engine companies, won orders for its engines from ILFC worth \$700m (1388m). Pratt & Whitney, also of the US, won orders for its engines worth

The Rolls-Royce order, including spares over the life of the aircraft, could be worth up to

Rolls-Royce is to supply its 535E engines to power Boeing 757-260 airliners, RR211-524G engines for the Boeing 747-400 jumbo jet, and RB211-524H engines for the Boeing 767-300.

Sir Ralph Robins, managing director of Rolls-Royce, said yestenday, "The remarkable growth of aircraft leasing in recent years makes this agreement a most makes this agreement a most important piece of business for us.

#### Spain, Indonesia to market aircraft in US

SPAIN and Indonesia are jointly to market aircraft in the US, Reuter reports from Jakarta.

The deal, under which the two countries will form a joint com-pany in the US to sell Spanish-designed aircraft built in Indonesia. follows talks between Spain's Prime Minister, Felipe Gonzalez, and President Suharto of Indon-

IPTN, Indonesia's state aircraft company, which aims to become a regional supplier of aircraft and helicopters, builds 18-seater and helicopters, builds 18-seater are defined by the leading Japanese conplanes in conjunction with the planes in conjunction with the spanish company Constructiones group, has agreed to produce personal computers in the US for the spring of last year when the value of the yen against the walked to the yen against the spring of last year when the value of the yen against the walked that Mat-

Aeronauticas.
It also has helicopter licensing licensing deals with West German, French

from Bunzi at 420p a share in | encouraged by the strength of 1986, has for the second year

running reported a downturn Results for the year ended

Business and labour do battle over Trade Bill measure AT THE Capitol Hill signing of deluge and a rash of mergers and the 1988 Trade Bill, Democratic buyouts have triggered the closteraders brought out several working of even healthy US business.

serve the Democrats in the made that workers needed holice to take advantage of the retraining and adjustment programme in the bill. Business groups hit-that plants employing at least 100 workers give 60 days' notice before layoffs. It is principally over this provision that President market and hamper competitiveness in world trade. bly this week, although it also contains many other measures

his advisers do not much like.

leasers brought out several workers to plead for President Reagan's signature on the legislation. One by one, they told of
long years of hard work for a
single employer, who then fired
them with a few minutes' notice.

Ing of even healthy US busimesses in the name of increased
efficiency, reduced production or,
sometimes, the financing of new
company acquisitions.

The plant-closing measure was
included in the Trade Bill in

The plant-closing measure was included in the Trade Bill in The dramatic ceremony, return for labour support of the although blatantly contrived to legislation, with the case being serve the Democrats in the made that workers needed notice

To the argument that Japan, Europe and Canada all provide his advisers do not much like.

About 1m American workers
lose their jobs each year through plant closings and layoffs. The combined effects of an import

The significance of the measure is mostly symbolic. It has a number of exceptions - as in closures due to "unforeseable circumstances" - and it is enforceable by a fine of a mere \$500 per day for the 60-day period. Many of the nation's larg-est companies are already required to give layoff notice under their contracts with labour

But the issue has been caught in a business-labour controversy in which, for the first time in years, labour has been able to generate significant public sup-port. Its case is for "fairness" -



per cent of the public in favour of the plant closings measure.

The debate is getting an airing in Michigan, where Democrats have introduced a similar measure in the state assembly. There,

the local United Steelworkers, state, there is widespread fear in testified in favour of the bill, cit. Michigan that the law would disconcard presidential canding one recent shutdown at courage the new businesses the date, whose state has had a volume to the courage the new businesses the date, whose state has had a volume to the courage the new businesses the date, whose state has had a volume to the courage the new businesses the date, whose state has had a volume to the courage the new businesses the date, whose state has had a volume to the courage the new businesses the date, whose state has had a volume to the courage the new businesses the date. Amore Minerals in Detroit where workers were given only four hard to attract.

motice, we sometimes have been opposition to the measure is able to convince the owners to mobilising and the likelihood of and grants to help companies stay in business. keep the plant operating," he said. "On other occasions, we have had our attorneys and financial consultants review the possibility of an employee buy-

memployment of 7.4 per cent having to sue employers in order that, if the moves goes through, would have been higher had not to enforce the benefits that we it is owed compensation for a so many workers fied the state have already negotiated."

Mr Harry Lester, director of measure in a large pro-union issue for Massachusetts Governor state government is working so untary plant-closing law on the

Where USWA has had enough gates labour committee, said layoffs. The state then provides

Other states have been joining battle with companies which pro-pose to close their plants, partic-ularly after the business has been given generous state and local

Despite the arguments for the The debate provides a red hot books since 1984 without driving An aide to Mr Michael Nye, a away business. There, employers are required to give a good-faith member of the House of Dele-

had good reviews, but it has the benefits of a premier university system and, consequently, an influx of high-technology compa-nies and 3 per cent unemploy-There is, he said, a "myth" benefits. In Minnesota a horse-about "the responsible employer" shoe and automotive handtool who voluntarily negotiates severance pay and extended medical insurance coverage. "USWA is given generous state and 10cat influx of high-technology companies and 3 per cent unemployment. Other states may be like in must move warily before legislating anything business might not like.

# Japan set for beef concessions

BY IAN RODGER IN TOKYO

Japan's protection of its beef and round of negotiations early in

Japan's chief cabinet secretary, Wr Keizo Obuchi, hinted at the weekend that Japan would with case before the Toronto summit draw its proposal to impose surmeeting of the seven leading charges on beef imports when the current system of volume quotas was dropped.

Instead, it would apply high tariffs, which the US has indi-cated it would tolerate in a transitional period. Yesterday, the Prime Minister, Mr Noboru Takeshita, said in Tokyo that Japan would work hard to resolve the dispute by mid-June.

The surcharge proposal, made

THE Japanese Government last month, was rejected categoriappears ready to make fresh concally by the US side as being ducers in Japan have considercessions aimed at settling the inspiropriate. It was one of the lost entirely dispute with the US over reasons for the failure of the last enument leaders have had great according to the control of the last enument leaders have had great difficulty in minima the control of the last enument leaders have had great difficulty in minima the control of the last enument leaders have had great difficulty in minima the control of the last enument leaders have had great difficulty in minima the control of the last enument leaders have had great difficulty in minima the control of the last enument leaders have a second of the last enument leaders have a second of the last enument leaders have had great difficulty in minima to the control of the last enument leaders have had great difficulty in minima to the control of the last enument leaders have had great difficulty in minima to the control of the last enument leaders have had great difficulty in minima to the control of the last enument leaders have had great difficulty in the last enument leaders have had great difficulty in the last enument leaders had

want to settle the beef and citrus industrialised countries next month.

There have been veiled threats from the US side of a Section 301 action which would empower the US President to institute trade

agreement is reached by the time of the summit.

ernment leaders have had great difficulty in winning the support of both the Cabinet and the ruling Liberal Democratic Party (LDP) for radical reform of the protection system.

That now appears to have been achieved, but yesterday, LDP politicians with close links to the agricultural sector said they would strongly oppose the Gov-ernment's plan to drop the surcharge idea.

The beef and citrus negotiations are aimed at replacing a Also, the General Agreement 1984 Japan-US bilateral agreeon Tariffs and Trade has created a disputes panel at the request of the US.

ment on access to the Japanese markets for these products which expired in March this year.

# Matsushita in computer deal

Matsushita said yesterday that and US menufacturers.

If was planning to begin production in August at its plant in crucial for its plans to become a recognised aircraft manufacturer. Shita was supplying PC compo-

the pound, are showing a sharply increased interest in acquisitions in mainland Eu-

ucts in retaliation for Japan's no longer be worth making the alleged infringements of the kits in Japan even if the tariffs bilateral semiconductor trade were removed.

Goldman Sachs int (12 Morgan Granieli (1)

However, this came to a halt in and therefore subject to the tarthe spring of last year when Washington imposed 100 per cent the value of the yen against the punitive tariffs on Japanese personal computers and other products as been such that Matsonal computers and other products.

#### Miti 'fears setback for trade surplus'

JAPAN'S Ministry of International Trade and Industry fears the country's merchan-dise trade surplus in the fiscal year to March 31 1988 will remain at \$76bn (\$42bn), the same level as last year, according to a newspaper report in

The forecast represents a big setback in the Government's efforts to reduce its trade surplus. It was hoping the surplus would drop to about \$68bn this year on a customs-cleared

Miti officials refused to confirm or deny the report yester-day in the Nihon Keizai Shimbun (Nikkei), the leading

Nikkei reported that Miti has revised its forecast after seeing the results of its March survey of trading trends ng leading manufacturers and trading companies.

The survey apparently con-firmed that the volume of Japan's exports was rising of the past two years, notably because of the strength of exports of semiconductors, telecommunications equipment and video cameras.

# Taipei checks coal contracts

COAL-PURCHASE contracts South Africa were far lower.

watchdog agency.

The agency is also looking at the prices that Taipower is paying for American coal.

duct or dereliction of duty involving the purchases.

Taipower, a state monopoly that provides all of the island's

case while the Yuan's investiga- and hydro-plants, switched many tion is proceeding. Industry of its conventional thermal statements, however, say the questions from oil to coal in the late tion concerned only a part of tions centre on why the company 1970s and early 1980s.

Taiwan's purchases of coal from contracted for US coal at a It contracted for coal at prices reported price of \$48 a ton when above the then-current market worth, according to an estimate

signed by the state-owned Mr Lee Tai-hai, Economics declined Taiwan Power Company with US Minister, earlier this month As a 1 suppliers from 1980 to 1984 are assured Parliament the Govern- the company was forced to pay as being investigated by Taiwan's ment would prosecute any offi-Control Yuan, a government cials it suspected of illegal con-the prevailing prices from other watchdog agency.

Taipower employees have been electrical-power needs through a from the US. Australia supplied instructed not to comment on the combination of nuclear, thermal, about 35 per cent, and South

stuck when world prices As a result, the Yuan charges,

Taipower plants consumed about 8.3m tonnes of coal last year, of which about half came

prices from other supplier-na-price with certain US suppliers to by one insider, "hundreds of mil-tions such as Australia and ensure a steady supply, but was lions of dollars".

# Nigerian Airbus held over debt

ANOTHER aircraft of Nigeria Airways with one operational Transport Association was Naira Airways has been seized in Airbus out of the four it owns. A L6bn (£200m).

France over a \$20m debt, Reuter third is parked at Lagos airport The military government

Sogerma, the French mainte- \$40m. Sogerma would be wrong name company, seized the first to seize two of them."

more to the makers of the jets.

Gen Bajowa said the total debt to charge their own fares based vented the Airbus A210 from fly- Gen Bajowa said the total debt to charge their own fares based ing home after it had been had now reached \$21m. But "each on the external value of the of those aircraft is valued at naira.

reports from Lagos.

Major-General Oiu Bajowa, the

Sogerma said last month that

national airline's managing director, said a French court had premore to the makers of the jets.

The initiary government increased the price of aviation fuel by 375 per cent in April this national airline's managing director, said a French court had premore to the makers of the jets.

International travel from Nigeria is among the cheap Airbus last January, alleging

The airline said its combined the world. A naira ticket to Longon-payment of \$13m.

The latest move leaves Nigeria tors and to the International Air sterling fare.

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ENERGY IS OUR BUSINESS

# Ericsson 'left out of' £100m BT telecoms order

ERICSSON, the Swedish telecom- third of the BT market, received orders from British Telecom for plied.

new digital exchanges. It is plied.

mew digital exchanges. It is plied.

Mr Duncan MacDonald, managismed, however, that this was a ling director of Thorn Ericsson, temporary gap reflecting a the Swedish company's UK joint than a switch in BT's strategy.

GEC Plessey Telecompunication of Christians (Christians (C

munications manufacturer, has only a small order for extensions been left out of the latest batch of to exchanges it had already sup-

tions (GPT), the newly merged replace the previous system of UK manufacturer, received the quarterly batches. GPT has vast majority of the latest \$100m already negotiated such a conorder for \$00,000 exchange lines. tract, but Ericsson is still in

BT is installing exchanges as negotiations.

part of its modernisation pro
When the contract was finalised, however, Ericsson antici-Bricsson, which in previous pated holding its market share of atches seemed set to capture a a third, Mr MacDonald said.

#### Blank-tape battle resumes

THE BATTLE between the music: effect was defeated in the House and computer software industries of Lords, the matter is being over a proposed blank-tape levy debated again in the hill's concomes to a head in a House of mittee stage.

Commons committee room today. The software industry is lobbying against the amondment aren-

the illegal home-taping of records pounds a years in lost copyright and tapes by a kevy which would revenue, as blank tapes can be be raised on all blank tapes, used to copy certain types of soft-Although an amendment to this ware as well as music.

ing against the amendment, argu-The music industry has argued ing that it would cost software that it should be compensated for manufacturers millions of

**CUTLERY AND SILVERWARE MAKERS SEE SURVIVAL FIGHT AHEAD** 

# Plea for end to disguised imports

Britain accused of narrow view on 1992

WHAT REMAINS of the British knives and forks now account for them "made in Holland" for re- origin markings should be intro-

that imports into the UK of cutlery and silverware manufacimported cutlery had to be
stamped in the Far East but labelled
sproduced in Europe will rise
steeply unless changes are made
in European Community rules.

This was done to bring the UK
marked as being made in those
in European Community rules.

The UK author and silverware
when it is resemble for constants.

The UK cutlery and silverware where it is possible, for example. The UK industry has been try-bring Et industry has shrunk dramatically to import Korean made knives ing to persuade Government min-over the last 30 years. Imports of into the Netherlands and stamp isters that rules on country of imports.

cutlery and silverware industry 93 per cent of the UK market and export could be wiped out after the employment in cutlery manufactories. European market further reduces turing in Sheffield has declined Italy are protected markets for imports.

lers and Allied Trades believes Britain was obliged to end the tan markets were opened up it

MR DAVID WILLIAMSON, the the internal market as a cash res-contentions aspects of the plan.

He insisted that the planned

most senior British permanent ister operation."

Though improving market removal of internal EC customs. nity and until recently an infinential Downing Street adviser, yesterday accused the UK of takthe Community must also decide ficking and rables.

plans to create a single market and structural policy measures to Britain and other countries by 1992.

Mr Williamson, who was depined market.

Britain and other countries would be permitted to keep frontier controls after 1992, as some

pean Commission, its top civil we're not going to take account some EC proposals servant, six months ago, said in the UK, there is after a heavy concentration on lify UK sensitivities on two other relations with their employees.

BY GUY DE JONGUIERES, INTERNATIONAL BUSINESS EDITOR

ing too narrow a view of the EC's accompanying economic, social

Mr Williamson, who was dep-tified market.

"It is not actually a very sensi-cabinet Office until he became ble vision to say we're just going secretary-general of the Euro-to trade left, right and centre and

British cutlers say France and trade barriers in 1992, trade assoto an all-time low of 3,000.

The industry believes though
try said yesterday.

The Association of British CutThe Associ

ficking and rables.

But he declined to say whether

UK ministers have said they

He also appeared to have reser-

would like

duced to prevent any further encroachment of disguised

If this subject is not tackled now then by 1992 EC countries which have enjoyed protection denied to UK manufacturers could seriously disrupt if not destroy the British cutlery and silverware industries," the associ-

"The spectre of 1992 so heralded by the Government will bring European practices to the UK which means more disguised

These proposals, strongly sup-ported by Mr Jacques Delors, the EC Commission president, are being resisted by Britain. He expected the EC council of

ministers to agree this year on commission proposals to liberal-ise capital movements, introduce mutual recognition of profes-sional qualifications and to open

up some areas of public procurement. Though the EC would undoubtedly face difficulties

agreeing on some aspects of the single market programme, he was confident that these would

# Growth of venture capital industry 'an 80s success story'

try Secretary, said yesterday the growth of the venture capital industry in Britain "must be one of the main success stories of the

He told a conference in New-castle organised by the Eritish Venture Capital Association and Price Waterhouse that the Industry had grown from 20 feeds investing less than 200m summally in the early 1980s to more than 100 funds investing more than 21hm last year. "In relation to GDP, the venture capital pool is now larger than in the US."

The industry had been critically for the industry had been critically for being concentrated in the US." is now larger than in the UK.

The industry had been criticated in the south-east, but he noted that in the north-east, in addition to Northern investors and investors in Industry which have been operating in the region for some operating in the region for some time, more venture capital providers like the Northumbrian Unit Trust were establishing a stronger presence.

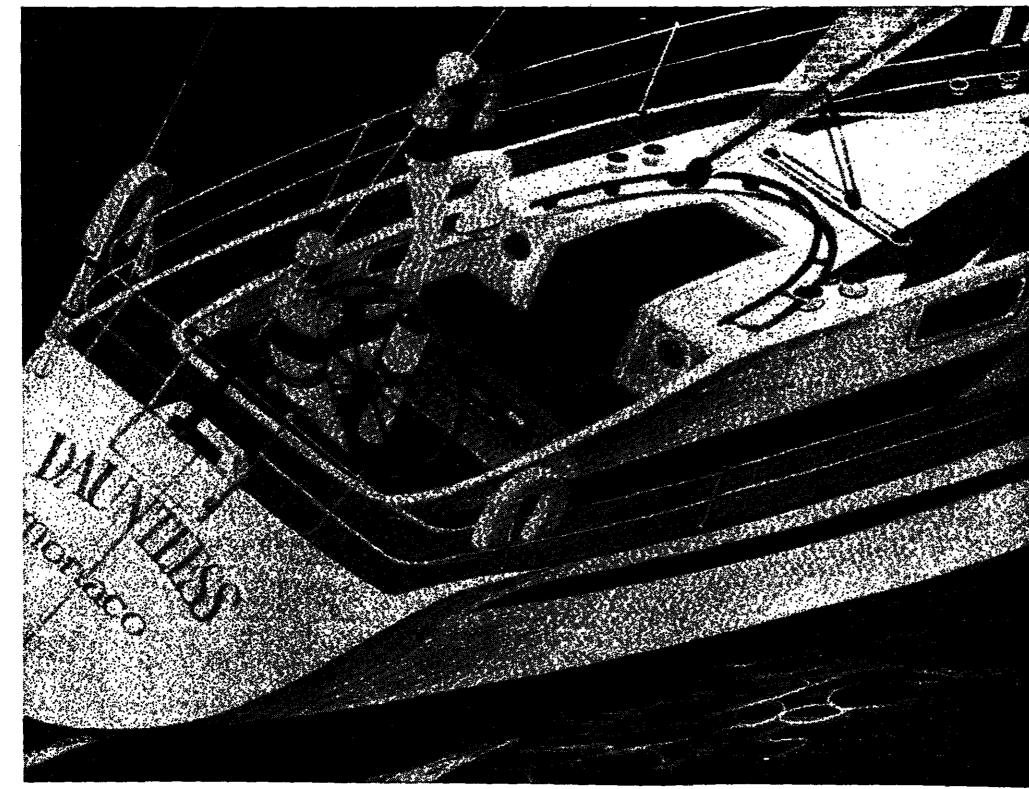
Lord Young said economic recovery in Britain was not just a south eastern phenomenon. All regions are sharing in it, not least the north east where unample ployment has fallen for the 17th consecutive month and is at its lowest level since 1981."

Lord Young said earlier that the north east has acquired "a remembously high reputation for quality and output."

The conference also heard that Britain's best entrepreneurs were moivated by profitability, market share and sales. They form in export performance, with 45 per cant of the matching combred interting sales in the group of slower groups had any once with a marketing back-three times faster than most new businesses, whose founders are more concerned with personal intentions. There was also a hig differences in the conference with personal intentions of the matching combred intentions and a comfortable intentions and a comfortable intentions and a comfortable intentions and a comfortable intentions. These findings have emerged put abroat.



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## Glaxo recruits finance director from Lazards

GLAXO. Britain's biggest phare that known him for some 20 maceutical company, yesterday years.

ended a year-long search for a new finance director. It has appointed Mr John Hignett, at present a managing director at present a managing director at a figh-level candidates as a lazard Brothers, the merchant bank, to take over the just from times over?

ered unusual for an appointment of this kind. In the end, Glazo said yester-

day, the job was filled by the 1981 and 1984 when he had his time-honoured technique of the job with the Takeover Panel. He old-boys' network. Mr Newcomb was said by his office yesterday agreed to take the position after to be out all week on urgent busibeing approached by Sir Paul ness and so was not available for Girolami, Glaxo's chairman, who comment.

Angust.

Mr Hignett, who is 54 and 2 Sir Paul, who was himself former director-general of the Glazo's finance director between Takeover Panel, a City regula
1968 and 1990, is like Mr Hignett tory agency, will fill a vacancy to an accountant by background, he left by the departure of Mr. They became acquainted through Charles Newcomb, the present Lazard Brothers work as Glazo's finance director who retires on merchant bank. Mr Hignett is Glaxo's search created com-mont after it advanticed for months of the board of Glaxo sub-

Mr Hignett has worked for Lazard Brothers since 1963, with the exception of a break

#### Inner-city regeneration group makes £1m pre-tax

BY HAZEL DUFFY

INNER CITY Enterprises, the city activities for its institutional company owned by the big financial institutions which is ment agency. More recently it involved in inner city regeneration projects, made a profit before tax of £1.04m in the year to March 31 1988, against £119,000

Mr Wyndham Thomas, ICE

agement. Mr Wyndham Thomas, ICE the previous year.

The profit increase has says that the objective of the chairman, in his annual report, the profit increase has says that the objective of the converted from ICE's expanded company is to create ICERERG—an active pooled investment years, and strengthen the chances that it will go back to the institutions to ask for an increase in funding.

ICE was set up five years ago to assess the viability of inner tary.

#### When did an oil company last give you a good laugh at their expense?

Mobil Touring Theatre has recently finished its third nationwide tour. with Alan Bennett's stylish comedy 'Habeas Corpus'.

The tour is part of Mobil's continuing programme to support top quality arts events around the regions.

Mobil success in sponsorship

#### **UK NEWS**

# Marathon and BP may each build gas pipe

THE BATTLE between British Petroleum and Marathon Oil of the US about who should build a 1500m gas-gathering pipeline in the North Sea is likely to be resolved by each company building its own.

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Last year the Department of Energy refused to agree to the idea of two separate systems to collect gas from nearby fields including Brae and Miller in the central section of the North Sea. It ordered the groups headed by Marathon, operator of Brae and BP, operator of the Miller field, to sink their differences and pro-

duce a joint plan.

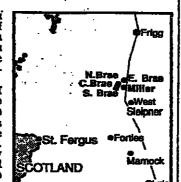
However, after talks had reached an advanced stage, the two sides reached deadlock on the question of how to apportion the costs of cleaning up the gas. Miller gas is "dirtier" than that from Brae, containing higher pro-positions of carbon dloxide and iyirogen sulphide.

The Marathon camp claimed

that it would have to meet some of the extra cost of an onshore plant to clean up BP's "dir-

tier gas.
The impasse was broken in March when BP decided to sell its gas direct to the North of Scotland Hydro Electric Board for burning in a power station. In this case it would not need to be cleaned. Marathon would then need a considerably smaller proing plant for its gas when it landed at St Fergus in Scotland. The Department of Energy appears to have agreed that the extra cost of building two smaller pipelines was roughly cancelled out by the saving in the clean-up

plant. Since part of the project is financed by taxpayers through relief against Petroleum Revenue



that the double pipeline scheme should not cost more than a joint

Last night the Department said no decision had been reached. However, although delicate negotiations were continuing late last week, it is expected in the indus try that a decision will be mnounced soon. One important aspect still to be

cided is the size of the pipeline, which could give BP an impor-tant strategic advantage. The original joint plan envisaged a 36-inch diameter pipeline serving

After the two sides decided to go it alone, the BP pipe was expected to be 22 inches. However, it now seems the company is thinking of building a signifi-cantly bigger 30-inch pipe. Since the Miller project is shed-uled to produce in gas in three years' time — some two to four

years ahead of Braz - BP may hope for the strategic advantage of having a large pipeline already in existence by the time that Marathon gets round to construc-

# Training of nurses to be reformed

BY JOHN GAPPER, LABOUR STAFF

THE COVERNMENT has agreed to a fundamental reform of nurse training within the National Health Service in exchange for elaxing restrictions on entry to

the profession.

Mr John Moore, Social Services
Secretary, said the Government
had excepted to principle proposels made by the United Kingdom Central Council (EKCC) for Nursing, Midwifery and Health Visiting for a unified grade of quali-fied nurse, each of whom would receive three years' training.

But Mr Moore told the Royal College of Nursing's (RCN) annual congress that recruitmen of enrolled nurses — the junior of the two existing nurse grades — would not be ended until there

was agreement on lowering aca-demic entry requirements and introducing a new support grade of nursing assistant.
The Government is concerned that the training reform package, known as Project 2000, would add to NHS staffing shortages by tak-

ing student nurses off wards. The announcement was welcomed by the RCN, the biggest nursing union, but criticised by the two other health service unions, Nupe and Cohse.

unions, Nupe and Couse.

Mr Moore indicated that student nurses, who will be paid bursaries rather than salaries when the reform is introduced, will be then be liable to pay only 20 per cent of the proposed community oberse or noll tax. along munity charge, or poll tax, along with other students.

He told the congress that student nurses will no longer be regarded as "pairs of hands." The reform is expected by the UKCC to reduce the contribution made by students to hospital manby students to hospital man-power from about 80 per cent to cheaper form of nursing through the increased use of nursing Nurse training will in inture assistants. power from about 80 per cent to



consist of a common 18 month foundation programme, followed by a further 18 months spent in one of four specialist branch pro-

The Government is likely to insist on a clear mechanism for some nursing assistants to be able to take further training to become qualified nurses.

Mr Moore hoped the first Proj-

ect 2000-based training courses would start next year. There are 487,000 nurses in Britain, of whom 294,000 are qual-ified and about 111,000 are auxiiaries. The UKCC estimates that because of the fall in the number of school leavers there could be a shortfall of 16,000 entrants to nurse training by 1995 unless action is taken.

Mr Bob Jones, Nupe national secretary for health, said the announcement confirmed the

# Airline abandons fight

BY LYNTON MCLAIN

devote more money to what is becoming a pointless exercise.

The decision comes days after the Civil Aviation Authority

The carrier inearings for BCal devote meanings for BCal devote more money to what is becoming a pointless exercise.

The CAA had said its decision was "to encourage competition between services from Heathrow between services from Heathrow ruled against BA's attempt to and those from Gatwick."

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BRITISH AIRWAYS has abandoned its fight to win back the European routes flown by British Caledonian Airways before its takeover by BA.

It said it was not prepared to licence hearings for BCaledonian Airways to what its Cartwick waitings for BCaledonian Airways to what its control of the route licence hearings for BCaledonian Airways before its the right to former BCaledonian Airways before its takeover by BA.

Caledonian Airways before its takeover by BA.

#### Hollis leaves engineering By Clay Harris

HOLLIS, the diversified indus-trial and services company, is to sell the engineering and mer-chanting businesses assembled in a series of acquisitions since Mr Robert Maxwell's Pergamon Holdings took control of the troubled furniture maker in 1982.

The disposal, to a manage-ment-led buy-out, is worth nearly \$120m. This exceeds Hollis's mar-ket value of £103.4m, even after yesterday's 11p rise to 125p in its

share price. Mr Maxwell said he had abandoned his ambition to develop Hollis into a substantial science based engineering group.

#### **Economic** growth. slackens in first quarter

By Raiph Atkins THE BRITISH economy contin ued to grow strongly in the first three months of this year, although at a slightly slower rate than the exceptionally fast spurt seen in the second half of 1987, according to official figures yes

For January-March, the out-put-based measure of gross estic product was 4.6 per cent domestic product was 4.6 per cent higher than in the same three months a year before and 0.25 per cent up on October-Decembe 1987. The annual rate of increa then had been 5.2 per cent. There had been a 1 per cent rise between the third and fourth

quarters of last year.

The output measure is one of three different ways of calculat ing economic activity used by the Central Statistical Office. It is usually thought to be the most reliable indicator of short-term movements.
The average measure shows

the British economy grew by 4.3 per cent last year. In the Budget the Government forecast 3 per cent growth this year. A slowdown in the pace of

and yesterday's figures will ease only slightly the fears of some analysts that the economy is growing at an unsustainable rate. John Lloyd gathers reaction to the Prime Minister's speech on Christian values

# Thatcher's religious insight strikes a chord

THE SPEECH by Mrs Margaret Thatcher, Prime Minister, to the General Assembly of the Church of Scotland over the weekend -in which she invoked scripture to underpin the virtues of individ-ual responsibility, personal char-ity and "spiritual redemption" - has struck powerful resonance in the breast of at least one of its communicants.

Sir Hector Laing, chairman of United Biscuits, was moved to quote Sophocles ("or someone like that - of course I knew him well") to the effect that "when the freedom the citizens of Athens wanted most was the freedom from responsibility, then Athens ceases to be free."

the fact that the Government had created freedom and it was now up to all to use it with responsi-bility.

Mrs Thatcher's speech, adver-tised as a keynote statement of principles, is also seen by both right and left as a gauntlet thrown down to those in her own party who favour a Conservatism more oriented to social justice. Mrs Thatcher spoke of her

tianity to public policy - "to the things that are Caesar's."

belief in the relevance of Chris-

Margaret Thatcher: "we can

adding: "We are all responsible for our own actions: we cannot blame society if we disobey the law, we simply cannot delegate the exercise of mercy and generosity to others.

Politicians and other secular powers should strive to bring out good in people and fight down the bad, but they could not create the one or abolish the other. She went on to tell church They could only see that the laws leaders that any set of social and economic arrangements that were not founded on the acceptance of individual responsibility some time at the weekend being

orama who suggested to me - in the nicest possible way of course - that I had substantially bene-fited from the budget and did I not feel bad about that? And I said, not at all. Wealth is a responsibility and a privilege and one has to use it in that way."

He agreed wholly with Mrs Thatcher's view that church and state moved in separate spheres. "Look, the government is there to protect the trade routes, uphold the currency and preserve law and order. It is then up to the individual to try to keep up soci-ety as he would like it to be."

It resonated too, in the breast of Professor Kenneth Minogue, Professor of Political Science at the London School of Economics. "It's up to the church to flail the sinners on greed and moral-

who achieved prominence as the television presenter of the "New Enlightenment" series on the advance of the liberal right, was 

of the Thatcher government."



However, Professor Minogue, social responsibilities: "You could argue that they should: that their new profitability has been made possible by the redundancies they made. But I think they are still at the first stage - making the profits: they're not yet at the stage of distributing

Those whose thinking leads them to the left of the spectrum nitarian tradition in scripting naturally view the speech without much charity.

Philosophers' Group, says that Mrs Thatcher is seeking to prove that the "trickle down" effect plus personal charity can take

the place of much state provision.

"As for criticising the churches for intruding - the government has itself moralised the social sphere, by talking of dependency and trying to create a new model individual - she cannot blame the churches for posing their

She assumes a rigid distinction between personal morality and the outcomes of economic decisions: even if the market was amoral, as she and others have claimed, it's perfectly open to governments to intervene in its

A.H. Halsey, Professor of Social and Administrative Studies at Oxford, thought the speech "humbug". He was prepared to allow "that it's not total cynicism on her part: she believes some of it: but she wants to tell people she belongs to a *good* tradition,

and she doesn't. "My view about biblical argu-ment is that it's always selective: but I note that the churches, including the Catholic Church, are now all stressing the commu-

"I think it's changing now. economic arrangements that

Sir Hector, a strong Governwere not founded on the acceptance of individual responsibility some time at the weekend being would do nothing but harm, interviewed by the BBC's Pan
Sir Hector, a strong Govern
Professor Alan Budd, director Professor Raymond Plant, who There's a very deep distrust of the London Business School, heads the politics department at money, and love of money says he cannot see much sign of Southampton and who has been money as a way of life. That will business responding to calls for the prime mover of the Socialist count against her, increasingly."

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Number One Across The Atlantic. DAN AM Kevin Done looks at a new £55m development centre for Britain's luxury car maker

# Jaguar leaps forward to reverse decline

THE DISTANCE from Browns Lane to Whitley in Covenity is only about six miles, but for Jag-Earlier forecasts of a modest recovery in 1988 have been replaced by brokers seeking to forecast the extent of further reductions in profits. Jaguar is having to run very hard just to stand still

only about six miles, but for Jag-uar's engineers the two sites could be light years apart.
For a long time the engineer-ing staff have been the Cinderells of the company's financially pinched operations, labouring in the cramped conditions of Jag-nar's main Browns Lane assemuar's main Browns Lane assem-bly plant to design and develop some of the world's most coveted

During the past year, however, they have begun to forsake the makeshift lean-to sheds and tin roofs of Browns Lane for the modern world of computerised automotive engineering at the company's \$55m purpose-built high-tech engineering centre at Whitley.

The centre's official opening yesterday by Lord Young, Trade and Industry Secretary, was a milestone in Jaguar's ambitious spending programme to overcome the years of neglect and underinvestment during its traumatic time as part of British Ley-

than ever preoccupied with the company's short-term financial company's short-term financial its of ar against the worst of the prospects, as the benefits in dollar's fail. It is covered for the gained from the heavy capital exchange rate of £1.00/\$1.55, but exchange rate of £1.00/\$1.55, but large and facilities such as Whitley — appear to recede into an uncertain cent of 1989 hedged at \$1.70, to home again from 48.000 in 1987 to home aga pear to recede into an uncertain future.

fall in the share price highlight — Jaguar is having to run very Jaguar's dilemma, and it is only hard just to stand still, or more Jaguar is having to run very small comfort that its West Ger-correctly not to allo backwards, man competitors, Mercedes-Benz, Pre-tax profits fell by almost 20 BMW and Porsche, are facing per cent last year to \$97m from similar problems in the US. Mer- 2120m in 1986, and earlier forecedes-Benz has even had to stoop casts of a modest recovery in 1983 to offering US buyers a free trip have been replaced by brokers to Europe to pick up their new seeking to forecast the extent of

further decline Sir John Egan, Jaguar chair-man and chief executive, admitted last week that "it is going to be tough over the next couple of years." He revealed that Jaguar's capital spending programme this year would be cut to £120m com-pared with his March forecast of 

according to Sir John. In recent days circulars from The company's policy has been two stockbrokers, James Capel to cover forward on a rolling 12 and Warburg Securities, have month programme about 75 per again sent Jaguar's share price cent of dollar revenues, but Jag-tumbling. City concern is focused user is fearful of locking itself in on the daunting pressures facing for the future at current Jaguar from the continued weak-exchange rates. Sir John admitness of the US dollar and the ted that the company had not company's inability to raise done any hedging for the past prices in the crucial North American to the crucial North American process the process of the Experience of the past prices and the Experience of the past of the pa ican market, where the European sions would have to be taken in luxury car makers are locked in a the autumn. "There will be a flerce discounting battle that moment when the dollar will would make even a volume car turn," he insists as much in hope roducer blanch. as conviction. The only question The opening of Whitley and the is when.

Warburg and James Capel converge for the current year at £87.5m-£90m, but next year Mr Rob Golding, Warburg's motor industry analyst, sees a further plunge to 251.4m, while Mr Bob Barber of James Capel stresses

land.

Jaguar is in a quandary over an extra £70m off profits," says how to proceed with its prowhen the City of London is more than ever preoccupied with the nue, which has served to cushion stand still. If you start out with an extra £70m off profits," says ate £70m more in profits just to stand still. If you start out with

jump again from 48,000 in 1987 to 56,000 in 1988 and 60,000 in 1989

- and in raising productivity.
However, the third pillar of its impressive recovery, namely an aggressive pricing policy in the US with increases of about 16 per cent in both 1986 and 1987, is being undermined by the weak-ness of the US luxury car sector. Jaguar's last price increase in the US was in October, and, although Sir John insists that "we have not discounted a car in the US yet," the present sales in-centives war hardly bodes well for making a price rise stick later

on the US by opening new mar-kets and increasing sales in the kets and increasing sales in the UK, continental Europe and the Far East, in particular Japan, but the US still accounted for 49 per cent or 22.919 of total retail sales of 46,643 units last year, down from 59.7 per cent in 1986. The share is likely to fall further to 44-45 per cent, but the fact remains, at Warburg points out, that "Jaguar sales in North America are vital by virtue of the simple fact that it has the largest number of people in the world who can afford the cars."

The City's preoccupation is inevitably short-term with the focus forming clearly around the date of December 31 1990 when the Government's "special share" protection against unwanted takeouers are the contract of the course of takeovers expires. For Jaguar management, too, the date looms large. Successively Ferrari, Lamborghini, Maserati, Lotus and Aston Martin have all been swallowed up by Fiat, Chrysler, General Motors and Ford. With its depressed share price Jaguar has little protection from future pred-

At the same time it is having to plan for the much longer term, and at Whitley it is working on product decisions that will shape its fate well into the next cen-

class facility to design future products," says Sir John Egan. "This will greatly enhance our ability to compete in world mar-kets."

When it is fully operational by the end of the year, Whitley will accommodate all Jaguar's prod-nct engineering functions includ-ing facilities for vehicle design, advanced engineering, vehicle and component development, vehicle safety and compliance, and engine testing.

The site, bought from Peugeot Talbot in 1985, was originally an airfield and was later used for aircraft manufacture - most famously the Armstrong Whi-tworth Whitley Bomber - and guided weapons development until it was purchased by Chrys-

the UK in 1969.

The Whitley engineering centre belatedly brings Jaguar to the forefront of the technology needed to develop and engineer tomorrow's cars. For the first tomorrows cars. For the 117st time, it is designing and developing a new car, its planned range of sports cars (code-named the XI41 or F-Type) due for launch in 1992-93, solely using computeraided design techniques.

Mr Mike Renucci, chief engineers and the results of the seconds.

neer for new vehicle concepts, says that Jaguar is looking for time savings of one to two years in the development of models, reducing the cycle to five to six

Jaguar's move in recent years to computer-aided design means pressure on its components suppliers, which are also being forced to adopt such methods.

According to Mr Trevor Crisp.

chief engineer of powertrain engi-neering, the new facility should improve dramatically the quality

For the longer term such claims should gladden the City, fretful about Jaguar's ability to maintain quality standards and simultaneously raise production rapidly. And in the short-term at ast the engineers are happy. "We are overwhelmed," says Mr Ralph Smith, chief engineer of advanced engineering who joined Jaguar three years ago from British Aerospace. "It is unusual that engineers are put into such palatial surroundings."



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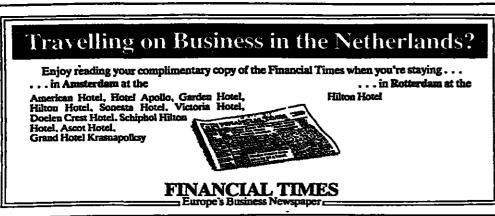
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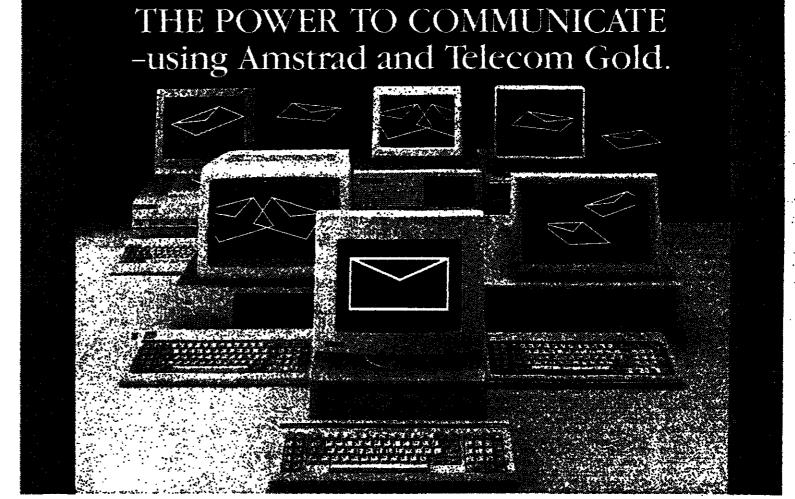
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Choosing Amstrad's MC 2400 makes best sense to get onto Telecom Gold-and not just because of its price. It's a quad standard (V21, V22, V22bis, V23) auto dial, auto answer card modem that is ideal for access to electronic services and gives accurate high speed transfer of data.

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MC 2400 SPECIFICATION

COMPLETE WITH MIRROR II SOFTWARE Apart from the Amstrad MC 2400 card modem,

all you need to get on-line to Telecom Gold

is your existing PC and a relephone line. A Telecom Gold application form

• QUAD STANDARD (V21, V22, V22bis, V23) •

CALL PROGRESS MONITORING • AUTO DIAL •

AUTO ANSWER • AUTOMATIC BAUD RATE SENSING •
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EXTENSIVE HELP FACILITIES • B.A.B.T. APPROVED •

is included with each modern.

AMSTRAD'S MC 2400 OFFERS

THE FOLLOWING:

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1884 is the trademark of International Business Machines Corporation.

The software industry has coined the term "vapourware" for those nebnious products which have been announced, but have yet to material ise. The personal computer industry is engulfed in a cloud of vapourware, in which potential buyers are left growing to find their way.
Software industry leaders Lotus

and Ashton-Tate have both contributed to this sense of confusion. Business personal computer users eagerly awaiting a new version of Lotus's awatting a new version of Lotus's best-selling spreadsheet program 1-2-3 recently heard that the program would not be available in June, as originally promised. Lotus now says it will take until the fourth quarter to the the recent to fit the relashrink the program to fit the relatively small memory capacity of most personal computers. No exact ship-

ping date has been announced.
Lotus's disappointing news drove the company's stock price down by about 11 per cent on the day of the announcement, demonstrating that vapourware can quickly transform itself into a hard-edged problem.

On the heels of Lotus's announcement came the revelation that Ashton-Tate only ranks its chances of meeting a July 31 shipment date for DBase IV, an upgraded version of its widely used data management sys-tem, at "better than 50 per cent." Not surprisingly, the stock market and potential customers were unim-

Microsoft's OS/2, the new personal computer operating system, is a potential candidate for the vapour. Although Microsoft has met all its delivery dates so far, enhancements to the program, including a graphics

THE RESERVE THE PROPERTY OF THE PARTY OF THE EAGLE EYE

interface called Presentation Manager, are still to come.
A cloud of doubt has been cast over Presentation Manager by Apple Computer's lawsuif charging Microsoft with copyright infringement. Apple claims that Microsoft's Windows, a graphics interface upon which Presentation of the Computer of the Co

ention Manager is to be based, is too much like the Apple Macintosh display.

The litigation could drag on for

months, or even years. In the meantime, personal computer users are left waiting and wondering what the impact, if any, will be on Presenta-tion Manager, which also raises doubts about adopting OS/2. IBM and Microsoft, which designed

OS/2, have been trying to put some solid ground beneath the new operating system with a promotional tour. At a recent computer show in Atlanta, IBM announced that 300 combinations had been developed to applications had been developed to run on the system.

Industry analysts say that it will be another 18 months, however, before important OS/2 applications come to market. In the meantime users must try to fathem the potential benefits of an operating system that is designed to take advantage of features that few personal computers yet have.

The cloud spreads Software publishers are among the

most prominent creators of vapourware, but they are by no means alone. The trend appears to be spreading into other sectors, including vapour chips, vapour disk drives Louise Kehoe explains why seeing is believing in the vaporous world of new computer products

# Don't hold your breath in the fog

and some very foggy computer

Sorting out the real goods from those that are merely fond wishes in the minds of high technology executives is complicated by the practice of early announcement, which has become accepted in the highly com-

petitive high tech world.

Tandy Corporation, for example, reported an exciting breakthrough in compact disk technology - a disk that can be erased and re-recorded. But the company admits it will be at least 18 months before this technology sees the light of day in a real product. Optical storage technology experts who have had a chance to mravel Tandy's "secret" technology say that there are several problems still to be overcome. Some doubt that it will ever be suitable for computer

data storage.

Tandy has, however, already gained world-wide attention from its announcement, enhanced its reputa-tion as a technology leader and put a stake in the ground in the optical disk market. The only loser is the consumer, who might have thought that erasable compact disks would be available in his local store in the not too distant future. Don't hold your

breath - seeing is believing. But there is hope on the horizon for personal computer users who crave huge amounts of data storage. Last week Maxtor Corporation, a Silicon Valley disk drive maker, unveiled a real product, an erasable optical disk drive with removable media that stores up to one gigabyte of data per disk.

magnetic and optical technology to produce a disk that is "written" on by a laser and erased magnetically. An important feature of the drive is the time it takes to retrieve data, just 30 milliseconds, which is about 10 times faster than "read-only" optical drives.

One drawback is price. The Maxtor Tahiti I drive will sell to computer system builders for about \$2,500. Maxtor expects the drive to be used in network file servers and workstations used for computer-aided design.

A second product from Maxtor, the Fit I, may be better suited to the personal computer market. This 3%-inch drive stores up to 160 megabytes of data, more than twice the capacity of the largest personal computer drives, and has a 100 millisecond average seek time, fast enough for most applications. It will be priced at less than \$1,000.

When will these drives be available? In September, the company says. In the computer business, that is about as close to reality as a new product can come.

#### The mist thickens

One of the most ballyhooed, yet unreal, products in the computer industry is Steve Jobs's Next com-puter. The former chairman and cofounder of Apple Computer has been promising for more than two years to unveil a spectacular desk-top com-puter designed to fulfil the dreams of college students and their teachers. The computer industry rumour mill

of an impending product announce-ment by Jobs's Next Inc. He said recently that his product would be introduced soon. Industry

analysts suggest that Next must unveil its computer in June if it is to meet the purchasing schedules of col-leges and universities, which make their buying decisions over the sum-

miss product deadlines. The Apple Macintosh, for which Jobs was responsible before his dramatic exit from the company, was originally scheduled to be introduced in mid 1982 at a price of \$1,500. It was finally unveiled in January 1984 at about twice that price.

#### Vapour engulfs chips

In the semiconductor industry. there is enormous pressure to fore-shadow new generations of devices to potential costomers, who may design them into future computers and other electronic equipment. Generally, chip makers brief their major customers on the basis of non-disclosure agreements. Inevitably, however, details leak out from time to

One example involves a rumoures microprocessor from Intel. The P9, as it is codenamed, is said to be a stripped down, low cost version of Intel's 386, the microprocessor used in many high performance personal computers. Using the P9, IBM and others are expected to be able to bring many of the advantages of the example, that IBM will launch a personal computer costing less than \$1,500, probably based on the P9.

#### Smoke and mirrors

Are RISC (Reduced Instruction Set Computer) workstations as fast as their makers claim? Apollo Computer, for example, says its latest Personal Supercomputer is 15 to 30 times faster than a Digital Equipment minicomputer (VAX 11/780). But such measures of speed ignore other important features. It is like

buying a car on the basis of its top speed without asking how many doors and seats it has.

Apollo conducted a series of benchmark tests which demonstrated that it had understated the performance of the Personal Supercomputer in its original announcement.

However, comparing performance remains problematic, "Standard benchmarks can be used to classify computers, but the only true measure of performance is to run your own software on the machines," says Russ Barbour, vice president of advanced technology.

That is difficult because many com-

puters are incompatible. Computer makers say they are moving towards "open" software standards so that most types of computer will be able

to run the same software.

Like many things in the computer industry, however, it is far from clear when and if such standards will

LET'S HOPE BY THE TIME WEVE GOT THE BUGS OUT OF OUR MIRACLE SOFTWARE PACKAGE SOMEONE MILL HAVE INVENTED A COMPUTER IT WILL RUN ON



#### A step nearer a vaccine for hepatitis

BY JOHN WICKS IN ZURICH

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A BREAKTHROUGH in the pre- forms of related liver inflamma vention of hepatitis is being tion.

claimed by Biocine, a company jointly owned by the Swiss CibaGeigy group and the biotechnological manufacture of the pro-

Scientists working on the project say they have isolated proteins of the so-called non-A, non-B virus of hepatitis with the this will be a synthetic vaccine, akt-of-genetic engineering. Infection tion with this blood-borne virus during its manufacture or adminoccurs primarily during transfu- istration.

vaccine for acute and chronic ally in the US alone.

ogy concern, Chiron, of Emery-teins, permitting the develop wille, California. teins, permitting the develop ment of immuno-diagnostic

tions. The next step will be to try to Some 5 per cent of patients isolate the whole virus to estabreceiving blood in the US are said lish its causative role in hepatitis

to come into contact with it. Half non-A, non-B.

of them develop chronic hepatitis and a further fifth, cirrhosis of all cases of hepatitis arising the liver.

Biocine's discovery opens the buted to the non-A, non-B virus, way to a screening test and a adding up to 150,000 cases annuments of the contact with the III-liver.



# Edited by Geoffrey Charlish

#### Computers can learn from humans

A BASIC difference between a digital computer and the human brain is that the former works in steps on a task, which the latter can complete

Facial recognition is a good example. We immediately recognise a friend's face and put a name to it, whereas a computer fed by a camera might take thousands of times

A team at AT&T Bell Laboratories in the US has been trying to emulate the human body's electrical message transmitter, the synapse. In humans, large numbers of these can operate simultaneously to produce rapid

The Bell Labs experiment uses 14,090 light sensitive, electrically connected eleelectrically connected ele-ments, or "synapses", made from silicon deposited as a thin film on a glass plate. Each is a light-controlled valve for electricity. By altering the amount of incident light, the amount of current passing through each synapse can be changed by a factor of 1,900.

The unique feature of the system, claims Bell Labs, is

the simultaneous and com-pletely variable control of a large number of synapses by a light pattern projected on to the glass plate. Ultimately, such control might allow some problems to be solved much more quickly than with a digi-tal computer.

. . .  $p \in \mathcal{T}^{(k), \Phi}$ 

Jan. No.

#### Sailing a truer course, automatically

YACHTSMEN can steer a truer course with autopilots using a system called Helmstar, from Brookes & Gatehouse (B&G), the UK marine electronics spends.

Automilets are based on com-passes which produce an error signal if the boat is not steering the correct magnetic heading. Although this can be used to bring the craft back on to that heading, it returns it not to the original course but

to a parallel one. Rebustar makes use of speed and time data, so that the system knows where the boat has been and how to return to the original course. On long voy-ages, course inaccuracies of many miles can be prevented,

says B&G.
In addition, Helmster has computer software that senses the way the boat is being infin-

rents. It can then make quicker corrections, minimis-ing course deviations. All the tsman has to do is select the course and switch on, making no subsequent manual corrections. The system costs

#### Made and filled at one go

MAKING its debut in Europe from the US is a pharmacenti-cal packaging system for facto-ries, which is designed to cut the cost of filling sterile con-

tainers.

The system enables container production and filling to take place on a single machine. Fed with plastic granules, the machine blowmoulds sterile containers which are then immediately filled with the product and sealed, ensuring completely sealed, ensuring completely sterile contents.

Made by Automatic Liquid Packaging of Woodstock, Illinois, the system is available in Europe from Tanshire Equip-ment of Elstead, Surrey, It saves on cleaning and sterilis-ing preformed plastic contain-ers, and removes the cost of transporting and storing them.

#### PC sales soar upwards

PERSONAL computer (PC) sales in the UK have almost doubled in the first quarter of this year compared with the same period last year.

The total for 1988 will be

about 540,000 machines, worth 21.3bn, according to Wharton Information Systems, which carries out market re into office systems in the UK. Sales of software will account Sales of software will account for a further £450m. The fig-ures are contained in the Brit-ish Office Systems Survey pub-lished annually by Wharton at

2500.

Some of the upsurge of PC sales is attributed to buyers holding back for the release of IRM's new PS/2 machine. But the survey also concludes that the PC is rapidly becoming a standard office tool. Increasingly sophisticated machines are being bought, often work-ing together in networks. Wharton believes that the

UK market will exceed £3bn by

CONTACTS: AT&T Bell Labe: US, (201) 564 4250. Brookes and Gatahouse: UK, 0560 75200. Automatic Liquid Packag-ing: US, (915) 535 9500. Tamblire: UK, 0252 703663. Whenton Information



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Hutchison Whampoa have become partners with Husky Oil, Canada's largest independent privately owned, integrated oil and gas company.

In Hong Kong, our home base, no company is as directly involved in every major facet of life and business as Hutchison Whampoa. Now, all the energy we've given to Hong Kong will be extended to other major business centres of the world as well.

For more information on the strength and depth of our local and international capabilities, please contact us directly.

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# Are you successful enough to afford to come here on holiday? Or are you so successful you can't afford to take a holiday?

'WHENEVER Rosemary tries to interest me in a trip, I get an attack of the 'what-ifs'. What if an important customer needs me? What if we're threatened with a take over? What if Wall Street wobbles again? On the other hand, I know I need a break...'

Most people would agree that time is the one thing we could all do with more of.

7

What most people don't realise is that the right communications package is one of the shorter routes to saving time at work.

Unfortunately, given the complexity of business communications today, getting one's hands on the right package isn't exactly easy, is it?

Here, on the business side of British Telecom, we have literally thousands of examples of the latest in time-saving systems, equipment and services.

Everything, in fact, from simple radio pagers to fax machines to the technology that allows complex data to be sent across the country in seconds.

Our problem was how to get the items relevant to you into your hands without wasting your time with the rest.

We were serious enough to call in a leading management consultant and, together, we think we've found a solution.

It's called Workplan and this is how it works:

You phone and ask for Workplan. In a day or so, you'll receive the first stage, which is a business-orientated questionnaire designed to help you evaluate

where improved communications might help.

(Even if you decide not to return this, you'll benefit from what you'll learn about yourself as you respond to its questions.)

If you do return a completed questionnaire, we'll use your answers and a bank of computers to analyse your particular business needs.

Then we'll make up and send off your personally compiled Workplan handbook.

This is a ring-binder containing information and advice on the communications options we believe would be most likely to save you time.

If at that moment, or indeed anytime in the future, you'd like to discuss specific items with one of our people, you only have to call and say so.

'Ah,' we hear, 'but I'm too busy to get into all this.'

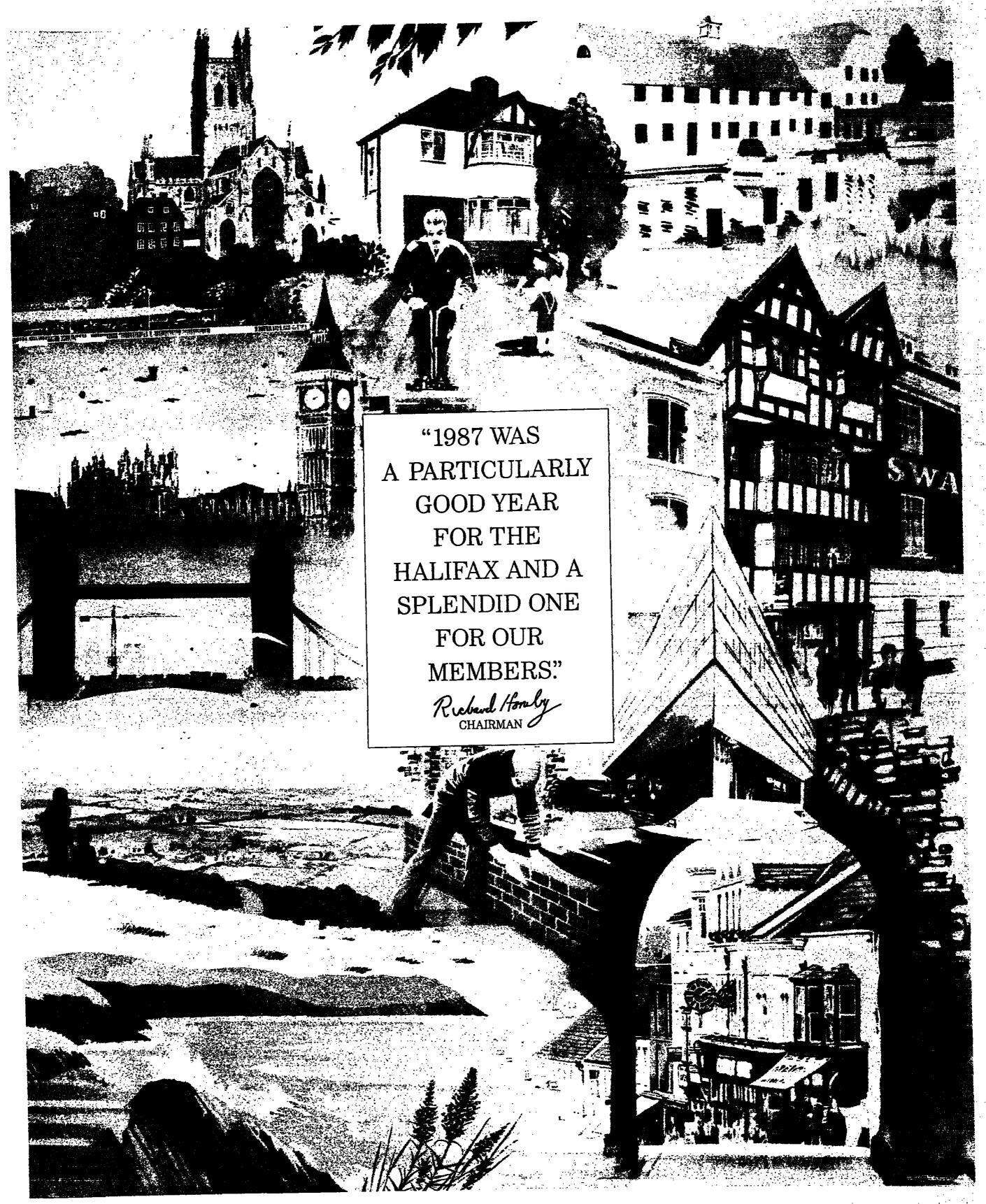
All we can do by way of persuasion is reiterate the words in the introduction to Workplan: 'If you haven't got time to fill this in, you need to fill this in.'

In business, time is money. In your personal life, it can be priceless.

Call us free on 0800 800 844 and ask for your copy of Workplan. Our lines are open 24 hours a day, seven days a week. CALL US FREE ON 0800 800 844.

TELECOM

It's you we answer to.



It was a year which proved to be one of the most challenging and competitive in our history.

And one which the Halifax responded to in the most positive way.

The figures alone are impressive. Our balance sheet rose 15% to \$33 billions, and we achieved a record gross profit of \$350 millions.

Mortgage lending set a new record at \$7,300 millions.

Receipts from investors rose to \$3,180 millions, and our reserves now stand at a net \$1,245 million.

It was also a year when the Building Societies Act began to bear fruit.

This has made it possible to develop a whole new range of services to meet our customers' needs.

We've established a national network of Estate Agents, and now have 10 estate agency companies with a total of

448 offices. But whatever way the Halifax chooses to serve its public, one thing remains of paramount importance.

And that is to retain the goodwill and trust of all of our 13 million customers.



STATEMENT BASED ON COMMENTS MADE BY RICHARD HORNBY, CHAIRMAN OF HALIFAX BUILDING SOCIETY AT THE SOCIETY'S AGM ON 23RD MAY 1988.

#### FT LAW REPORTS

# Family business split is to go ahead

BRADY V BRADY (Lord Keith of Kinkel, Lord Havers, Lord Templeman, Lord Griffiths and Lord Oliver of Aylmerton): May 19 1988

THE COURT may order specific performance of an agreement to hive off part of the business of a solvent private company, though the scheme involves its giving financial assistance in connection with the acquisition of its shares, if its assets are not thereby reduced and if its ability to pay its debts is confirmed by its directors and anditors in the statutorily required form.

The House of Lords so held when allowing an appeal on specified terms from a majority Court of Appeal decision (/1981) 2 FTLR setting aside an order for specific performance of an agreement between the appellants, Jack and Robert Brady, and the respondents. Bob and John Brady, for division of their family

LORD HAVERS said that since ried on by a private limited company, T. Brady & Sons Ltd. It expanded to include the manufacture and sale of soft drinks and

which owned a haulage depot.

All Thomsons' shares were agree the above on behalf of our rested there the appeal ought to tions 155, 156 and 158, owned by Brady. Brady's shares clients" and was signed by Bob fail.

The appellants sought to raise appeared to be a complete to and 2,333 by his brother Jack. In October 1984 Bob and John additional points not raised in to the suggestion that the agree The balance of 333 shares were declined to proceed further with the courts below. owned by another private com- the scheme save on the basis of This was a final appeal and it section 151.

under Jack's control, and to hive that the agreement sued upon

geral all

The scheme involved incorpo- and Athersmith and were there one lawful and one unlawful, it ration of companies called Oval- fore intra vires, there being no was presumed that the parties shield, Motoreal and Activista. At suggestion whatever of fraud or intended to carry it out in the the head of the group was Oval- ill-faith. Final implementation of lawful way. Sections 155, 156 and 158 of the by Bob, Jack and Tanda in pro- in the breaking of the deadlock, Act provided that where financial to their treations Brades and was in the companies to their treations. portion to their previous Brady holdings. Beneath Ovalshield were two sub-groups, one headed by Motoreal containing the haulby Motoreal containing the haul-age business represented by that that the proposed transac-disapplied in certain circum-Brady, and the other headed by the content of the proposed transac-tion was void for illegality in that stances by adoption of statutory

Motoreal to Activista.

nesses was effectively accom-plished. There remained one out-

What was envisaged and reduce Motoreal's liability agreed was that Motoreal's incurred in the course of its indebtedness to Activista in acquisition of Brady shares.

Section 153(2) provided that (Brady and Athersmith) should be a substance of the loan stock would section 153(2) provided that (Brady and Athersmith) should be a substance of the loan stock would section 153(2) provided that (Brady and Athersmith) should be a substance of the loan stock would section 153(2) provided that the directors of the company giving the assistance of the loan stock would section 153(2) provided that the directors of the company giving the assistance of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the directors of the loan stock would section 153(2) provided that the loan stock would secti would then be redeemed.

Robert's solicitors wrote to Bob Robert's solicators wrote to boo and John's solicitors setting out interests of the company." irrar of Companies within 15 days the reorganisation agreement. Sub-paragraph (b) was satisfied by the solicitors setting out interests of the company." the distribution of alcoholic the reorganisation agreement. The letter stated that the net fied Sub-paragraph (a) was not eight weeks of the declaration

Activista containing the soft it infringed section 151(2) of the procedures prescribed in sections drinks business represented by Companies Act 1985.

resented by £514,857 loan stock incurred . . for the purpose of provision of assistance, or if the constituting a debt owed by the acquisition, it is not lawful assistance was provided out of

standing link, namely the disputed that the issue of loan Motoreal loan stock.

be discharged by the transfer of section 151(2) did not prohibit a make a statutory declaration that assets equal to the stock's value company from giving financial it would be able to pay its debts from the Motoreal group (effectively Brady and its subsidiaries) principal purpose in giving the be an auditors' report stating LORD HAVERS said that since from the Motoreal group (effectively Brady and its subsidiaries) principal purpose in giving the bean auditors' report stating assistance... is but an incident that the opinion expressed in the

Brady operated by itself and through a number of subsidiaries. They included Thomsons Soft Drinks, through which the drinks side of the business was which owned a haulage depoce. incident of the scheme devised to procedures rested in the hands of break the deadlock, but was the Jack and Robert. Assuming that the object which the scheme set to make the report, there was no out to achieve. If the matter impediment to reliance on sec-The letter was endorsed "we out to achieve. If the matter

pany, Tanda, whose shares were upward adjustments in their held 50 per cent each by Bob's favour of the net asset figure.

On January 11 1985 Jack and Bob were the only two directors of Brady and of the agreement. Various there was no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences were raised by Bob and Jack were no longer on speaking defences are companied by a suitable order claim that there was an amended defence and counter-Athersmith. By 1982 Bob and Jack were no longer on speaking terms. Robert sided with his joun. They were abandoned during the trial save for a plea that the December agreement was ment that they elected to abandoned the December agreement was ment that they elected to abandoned defences.

In 1983 it was agreed that the proceeded on the issue of illegal now be faced with new points.

Or the agreement. Valuation respondents which could not be an amended defence and counterclaim that they elected to reintend the process. Their Lordships agreed. The appeal was allowed on the terms now be faced with new points.

between the two brothers, Jack Judge Blackett-Ord, Vice-Chan- Their Lordships were prepared For Bob and John Brudy: Leolin taking the handage side, and Bob cellor of Lancaster, made an to entertain the new arguments Price QC and lun Leeming (Gamthe drinks side, together with an order for specific performance, on terms that the respondents be lens) equality payment reflecting diffarences in values. It was decided tice Croom-Johnson dissenting)
to keep Brady in existence but allowed an appeal, and declared of the defences which they had QC and D.A.S. Richards (Alexanabandoned before the judge.
The new contentions started

off the assets of the drinks business and further assets, by way off company to be controlled by Bob. by the corporate objects of Brady

The new contentions started from the correct proposition that where an agreement could be performed in alternative ways,

and was in the company's inter- assistance was given by a private ests. There was no misteasance company in connection with the by Brady and Atherton directors. acquisition of its shares the pro-

Thomsons.

The subsection provided that

By section 155(2) those provi
required to produce equality between the two groups was repand any liability has been tance were not reduced by the

All that was required to avoid

rould then be redeemed.
On December 2 1983 Jack and tal part of some larger purpose of the company, and (b) the assistance is given in good faith in the lad to be delivered to the Registration setting out the company.

Solutions setting out the company. being made.

Compliance with the statutor the company's auditors were able

If that was right, there appeared to be a complete answer

desired, to reinstate some or all and Sykes QC. Nicholas Steward of the defences which they had QC and D.A.S. Richards (Alexander Tatham & Co)

Rachel Davies

INPORMATION POWER FOR PROPER . INFORMATION POWER FOR DATACENTEES - INFORMATION POWER FOR SYSTEMS - INFORMATION POWER FOR MICROS - INFORMATION POWER FOR PROPLE - INFORMATION POWER FOR DATACENTRES

# Half boring, wholly successful

#### MINT GUARANTEED LID **Mint Guaranteed Shares, August 1995**

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Mint Guaranteed Ltd. is sponsored by ED&F Man International Ltd. of London and it is advised on its trading policies by Mint Investment Management Company (MIMC).

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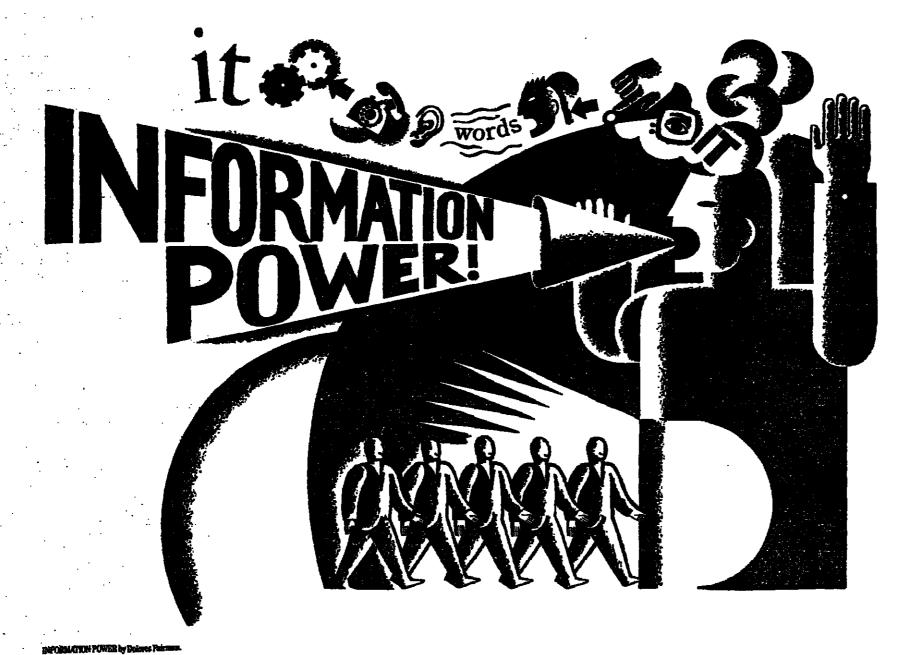
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#### MHET GUARANTEED LID Mint Guaranteed Shares, August 1995

ED&F Man International Ltd., Funds Group, Sugar Quay, Lower Thames Street, London EC3R 6DU. Tel: 01-626 8788. Telex: 885431. Fax: 01-623 3203. Representative office, Monamo, Bahrain. Tel: Bahrain 531791.

Before your business can achieve its goals you must give your people the power.



eople can be harder to change than corporations. Human skills are less amenable to transition than the systems they work with.

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Life and Pensions Brokerage for Sale

or Assisted Management Buy-Out considered

Company established 1962; FIMBRA registered

Owner to Retire

Renowal commission, mainly from 3,000 corporate and self-employed clients, is \$132,000 per annum. Estimated initial

commission from existing client incremental business for the year

to March 31st 1989, is £488,000. For the year to March 31st 1986. this was £173.000; for the year to March 31st 1987; £221,906; for the year to March 31st 1987; £221,906; for

Current expenses, excluding owner's benefits, £360,000 per annum. 90% of all business from throughout the UK. is

transacted in -house from one office by correspondence sate

Business is mainly executive and self-employed selfents

although capital investment in the last three years, capital

The owner has no desire to manage salesmen to develop name

client potential, and so effectively closed down new client

sciviles in 1987. However, using seminars and direct man, in the setivities in 1987. However, using seminars and direct man, in the year to March 31st 1985, new client activity produced initial commission of £686,000, and to March 31st 1987 £757,000. These

business levels could easily be doubled and all systems for new

client business can easily be resurrected. The company has its

own 1,250,000 address database of business owners in the United

Kingdom. A fully operational print shop and direct making facility is capable of despatching up to 20,000 makings a day. The company is fully computerised, hardware and software being upgraded this year.

All serious offers will be considered, but early completion is

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ment bonds, was £11,000,000.

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OShop fixtures and fittings.

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retail \$0.4m

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somese rangeous on or before 2-in. June, 1988.
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# Opportunities

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Dividend warrants will be posted from the Kimberley and United Kingdom transfer offices on or about 1st. August, 1988. Registered shareholders paid by the United Kingdom currency converted, at the rate of exchange applicable on 7th June, 1988, less appropriate Issues. Any such shareholders may, however, elect to be paid in South African currency, provided that any such request is received at the companied transfer offices in Kimberley or the United Kingdom on or before 24th, June, 1988.

The ordinary share transfer registers and recisters of members will be closed from 25th.

16

tion over the past two decades. In one corner of the factory stands a numerically controlled machine tool bought in the early 1970s which is controlled by a perforated paper tape and which the operator loads by hand with the appropriate drill bit or cutting tool.
Nearby is a mid-1970s version.

of the same piece of equipment which is computer numerically controlled. It has a programma ble memory capable of running several different machine pro-grams and an automatic tool

The latest stage in Croucher's automation drive stands on another part of the shop floor, it is a flexible machining centre with a series of work tables which permit the operator to set up several rough castings for machining. This allows him to carry out other tasks while the centre selects the correct tool from the 80 in its magazine.

But the machining centre is only part of a computer aided production management system installed by Croucher in 1985 at a total cost of £450,000. Even more important is the computer system installed in the office across the corridor which allows the company to plan its purchases of raw materials, to schedule the progress of a job through the factory and to programme the machining centre to carry out the indi-vidual jobs.

Since introducing its systems, Croucher has had to face the ironic problem of becoming a victim of its own success. The automated tools the company had installed were cutting metal so fast the company's administra-

tion system could not keep up.
"We had a vast amount of
work on the shop floor, but we didn't know where a particular job was and neither did our cus-tomers." recalls Michael Croucher, manufacturing director. "It was impossible to hold it all together.

Now, he says, the computer allows the company to plan all this in advance. If a particular component arrives late the computer will slot it into the schedule so it is ready in time to go into the finished job.

With turnover of just under fim and a workforce of 28, Antony H. Croucher is one of a growing number of small companies favoured by the Government to in Britain to computerise its describe the application of companufacturing operations. Two ing number of small companies in Britain to computerise its thousand small companies (employing between 10 and 99 people) - equivalent to 11 per cent of manufacturing companies in this size range in Britain -



•Process planning allows a

company to estimate the cost of a

given component and the most

Parts programming takes the design, puts it into the programming system of the machine tool,

and instructs the machine how to

decides how best to schedule pro-duction to make the best use of

the available men and machines.

Shop floor data collection systems allocate bar codes to jobs

going down the line so the pro-duction director knows where a

particular job is at any time.

The advantages gained from these systems are a saving in the

time it takes to develop new

products and a reduction in the

cost of overtime and the amount

For Aircraft Engineering Com-ponents, a small engineering

company with 58 employees and

operations was essential if it was

"Customers were screaming

to keep up with demand.

of stock that has to be held.

•Production management

efficient way to make it.

cut the metal.

# The key to survival

Charles Batchelor explains why CAD/CAM may be crucial for some companies

hashi, a specialist consultancy. Seven years ago small companies used programmable calcula-tors to plan their manufactursays Derek Sheldon, director of advanced manufacturing technology at the University

"You only found computer aided design and manufacture nies didn't want to think about it. They hoped it would go away." come down, smaller companies individual workstation has fallen as low as £10,000-£15,000, though any small manufacturer would need several workstations to computerise its systems.

This has meant, however, that the small firm owner has been served up an alphabet soup of acronyms to describe the new technology. With CAD and CAM have come computer aided engi-neering (CAE) and computer inta-grated manufacturing (CIM), both general terms to describe the entire process. Advanced manufacturing technology (AMT), meanwhile, is the term

end of 1986, according to Cam- ers," complained one director at a recent meeting of the Manufacturing Industries Development Association in Surrey (Midas) an informal club of about 50 small businesses in the county.

Midas, which was set up about six years ago, is one of a growing number of organisations which will help on the subject of CAD/ CAM. Manufacturing systems, including CAD/CAM, form one (CAD/CAM) in the aerospace and including CAD/CAM, form one motor industries. Small compa- area covered by the Government's Enterprise Initiative; the Sandwell Industrial Resource But as the prices of computer Centre in the West Midlands spe-hardware and software have cialises in training; while The Institution of Mechanical Engihave been tempted to put their neers plans a series of seminars foot in the water. The cost of an for small companies starting next

Computer aided engineering covers a broad range of disciplines within a company but can be broken down into five main

•Computer aided design replaces the draughtsman's drawing with the creation of two- and increasingly three-dimensional images on the computer screen. The screen drawing can be transmitted via a telephone line from a large customer to a subcontractor and the instructions for making the part fed automatically into the machining centre.

CAD may not be appropriate for the small sub-contractor which does not produce its own Little wonder that many small design drawings. Some large company owners and boards of companies are starting to insist, directors still hope the issue of however, that their subcontraccent of manufacturing companies computerisation will go away, tors handle design data electroni-in this size range in Britain – "We have a chairman with a psy-had introduced CAD/CAM by the chological hang-up about comput-the supplier list.

number of years, Aircraft Engi-neering leapt from using conventional machine tools with no numerical control facility to CAM system in one go.

Hook estimates that moving to full scale CAM means he is able to programme his machines five times faster than writing programmes manually and punching them into the machine control.

Michael Croucher also has some impressive numbers for the impact of CAM on his business. Over the past three years the value of work in progress at the year end has fallen from £76,000 to just £18,000, while stock now turns over 13 times a year compared with three times.

Croucher's investment of £450,000 - comprising £200,000 for the computer hardware and software and £250,000 for the machining centre - was a considerable sum for a small com-

to prevent a massive skills shortage - Michael Croucher believes he would have to employ twice his present workforce without the system - it was an essential fundamental shift in production techniques if companies like Croucher were to have any future at all.

Inevitably though, there are problems in introducing such complex systems. Few small companies can devote the time to choosing the system which is right for their needs.

Croucher looked for nine months before discovering a Gov-ernment-funded scheme which provides companies with a newly graduated engineer to help with the introduction of CAD/CAM. Shaun Campbell, a recently

graduated production engineer from Sheffield University, then spent two years supervising Croucher's move to CAM. Despite the cheapness of some of the available systems, compa-

nies should still make sure they choose one which is right for them. Companies which plan to expand the scope of their system at a later date should make sure the system they start with will be compatible with those they plan to introduce later.

turnover of £1.75m, computerisation of its manufacturing liar to the smaller company though they loom larger because the small business has fewer resources to solve them. A growdown the telephone for orders ing number of small firms have which we were struggling to do shown it can be done. Groucher because of a lack of skilled men," is confident enough of his comrecalls Jim Hook, works director pany's progress to provide a confidence of the company, which is part of sultancy service to others consid-Williams Holdings, a publicly ering CAD/CAM.

histed industrial group.

Aircraft Engineering spent

£500,000 last year installing a computer aided manufacturing system in its factory at Byfleet in Engineers, Tel 01 222 7899. Sand-Surrey. Unlike Croucher, which well Industrial Resource Centre, Tel 2015 14 14 166 Expensive Lenis. had introduced increasingly Tel 021 544 7446. Enterprise Initiosophisticated machine tools over tive: contact DTI regional offices

Co-operation agreements

# A route to reducing risks

Charles Batchelor explains Elmjet's development approach

can work together, you have to two years ago.

make sure the technology works and that there is a market for it.

Elmjet, a small Cambridge based company which is developed to the stage where the have larged any any now has legal agree companies in his propose.

of technology and markets. widely applied in industry.

Elmjet is a spin-off from Camresearch and development group so that we are not working in an (as was another ink-jet innovator, the publicly quoted Domino Printing Sciences). Set up in 1985, it now employs 23 people, has spent £750,000 on getting established and hopes to latinch its first product a har-code printing. first product, a bar-code printing system, in November.

It is developing a system of non-impact printing, in colour, on a range of difficult materials such as fabrics, carpets and wallpapers. The storage of the print-ing images on computer means very small print runs are ecopomical so manufacturers could print to order rather than stock. Ink-jet printing is currently used in a narrow range of appli-

cations – for product bar-coding and "use by" date stamping. Elmjet foresees a far wider range of uses. What the company has done is to establish co-operation agreements with leading companies in five of the market areas where it hopes to sell its printers - a sixth is being negotiated - to make use of their expertise and facilities. Elmjet gains access to resources it could not afford itself, while its larger partners are in at an early stage on devel-opments which could have a

major impact on them. Bob Hook, managing director of Prelude Technology Investments, a venture capital com-

THE OWNERS and directors of established, growing compa-nies will be able to sharpen

Sharpening

up skills

has established an unusual rela-tionship with several of its large panies, one Swedish group and a potential customers which could US corporation.

The companies are reluctant to be identified for commercial reaovercome some of the problems It may also have hit upon a sons but the markets in which way of fostering closer links they operate are wall coverings, between vulnerable young companies and established, larger and carpets. The sixth agreement groups which could be more now being negotiated is with a middly applied in industry and carpets. company in the fabrics field.

We are establishing relation-

bridge Consultants, the contract ships with these companies now

#### Split project

How does this work in practice? Elmjet and its partners identify areas of technology that need work. They then split up the project into the parts that can be done best by Elmjet and those where the larger partner's pro-duction and design expertise is better employed.

One project they are currently working on is in the field of inks and dyestuffs. Elmjet selects its dyes on the basis of their suitability for its equipment. Its part-ner might be more concerned

be printed is captured and manipulated on the computer screen.

their management skills on two business courses being run in London from mid-June. One

Business Growth Programme

course takes place on eight consecutive Tuesday after-

noons and evenings; the other requires three full working days and five days at week-

DEVELOPING A young technology related venture is a risky business. Not only do you have to create a management team which has funded Eimjet, their hig company partners two says the idea for a user council or or three times a month. If nother ness, not only do you have to technology club came out of a ing specific is being looked at, regular contact is maintained by the partners are the partners and the partners are the partners are the partners. two years ago.

The idea was taken up by Geoff months while the complete the

Geoff Broad says it was amprisingly easy to interest the large companies in his proposal. "I thought I would need to approach three or four consistence in each sector to find one which was interested but it just so happened that the first live companies I rang all joined the cust, he says. "Often it was the personal enthusiasm of the chief executive of the companies which executive of the companies which smoothed the path.

Broad's advice to other small companies which want to set up user councils is to go straight to the top of the larger organics-tions to avoid becoming embroiled in the corporate huregucracy.

The large companies pay an annual fee to belong to the user annual fee to belong to the user-council. This is an amount targe enough to guarantee they are serious, but not so big that it gives the companies undue liftle-ence over Elmjet. This fee helps finance development projects.

Some of the partners have offered to put much larger sums into the project, but Broad says be has rejected this. "It raises the question of who is managing the business," he notes. "If they invested in one area it might slow our development that way."

The annual fee does not buy the large companies a stake in the way Eimiet is run or the way ability for its equipment. Its partner might be more concerned it allocates its resources. Nor 
with how the dye will react when 
applied to carpeting or wall-paper. Will it fade or wear? 
Between the two a compromise 
can be reached.

Another area which is under 
study is that of how the image to 
be printed is cartured and manining.

ing.
They understand that we between electronic design we are successful, east fired systems and the ink jet printer. "If we fall at least they have

If a particular project is under kept their fingers on the pulse of way, Elmjer's people might meet new technology." ends. The charges are 2225 and £250 respectively.

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conga drums, and by Peter Lie-

berson's rigorously conceived.

"Downtown" or minimalist

the Copland hoe-down, and by John Adams's hypnotic but intri-cately worked Shaker Loops for

What I took to be an irresist-

ible Sunday afternoon recital of four-hand piano music given at

the Purcell Room by Andrew Ball

and Julian Jacobson attracted a

minimal audience, but certainly rewarded those few. Roberto Ger-

hard's flamenco piano writing in his little 1942 ballet Alegrias was

refreshing to hear, nine dry min-

tatures by Stravinsky were pre-dictably fascinating, Copland's Billy the Kid in two-piano tran-

scription was bracing and ear-cleansing, and the original two-

#### Hayward Gallery/William Packer

# Impassioned penguins

Once more the South Bank Board presents us with what seems a perversely incongruous double-header at the Hayward Gallery, but with one exhibition stimulating and enlightening, and the other quite simply splendid, there is hardly reason to com-plain. The Phillips Collection, which is one of Washington's principal visual treats, has sent a and ran through 10 issues there comprehensive selection of its paintings on an extended tour paintings of a collection of a collection of a collection of the collec European stop (sponsored by Marrill Lynch on the tour and Grand Metropolitzu in London); and from Australia, in associa-tion with the Bicentennial Board and the Australian National Gallery, comes Angry Penguins & Realist Painting in Melbourne in the 1940s (both exhibitions con-

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tinne until August 14).
The "Realist" of the title to this second and more concentrated exhibition, is misleading, for ealism carries with it the connotation of an objective scrutiny of reality, as opposed to any purely subjective, albeit figurative response. Though the particular work may derive from personal observation, there is hardly any-thing here that is not informed by an impassioned and powerally inventive imagination. It is a passion that turns often to anger, finding expression as much in the generalised vehe-mence of handling as in any overt satirical or symbolic intention in the imagery itself. Satiri-cal, symbolic, surreal — yes: the work is all these things; but real-

"Angry Penguins" is one of the work alone, seen as art rather those ambivalent, useful phrases than polemic, that any critical born of defensive self-mockery in interest and judgement rests. It is

of the time." Such groups of the radical, disaffected and creative young are nothing new to the history of art, but Harris is a shade too off-hand and deprecatory. The small group of painters associated with his magazine included Sidney Nolan, Arthur Boyd, Albert Tucker, John Perceval and Joy Hester, all of whom were then producing work of remarkable expressionist force and individual authority. The social dislocation and physical isolation of wartime Australia naturally affected them too, but there is no doubt that "Angry Penguins" gave a focus and sense of common purpose to their activities. For all their squabbles and politickings, the brash, bleak certainties of youth still come

a climate of general abuse. "As certainly the great strength and drunks.] The angry penguins of the night," are lines from an early poem by Max Harris, which supplied the title of the small all contributions that make it up critical journal of the arts that he are examined and celebrated as established in Adelaide in 1940, such, artist by artist. The young Sidney Nolan is inevitably the star, and the large group of paintings from the Ned Kelly series of Rimbands, intoxicated with an excess of free imagination, staggering out into the Australian dark, blithely indifferent to muggers, morous, the glares of the mind's eye as that strange, manrespectable, and the certification of young 1946-47, the bandit-hero surreal and sinister in his home-made armour, is the show's natural centre-piece. Indeed Ned Kelly now lives on in the popular mind's eye as that strange, manrespectable, and the critical nered four noif figure with the 'police' patrols employed by the black square head, a figure authoritarian art establishment rather of legend than reality: an artist's vision made common

property. But others than Nolan, though not so well known, are no less impressive: Albert Tucker in particular dominates the show with all to make sure to see them. Not another extended sequence of all the works are of an equal paintings, of a viciously surreal weight, and there is towards the expressionism, on the theme of "The Image of Modern Evil;" and a sense more of an institutional than personal eye behind the later acquisitions. But this is throughout, and his apocalyptic visions of "Melbourne Burning" and "Christ paraded before his first pictures, a group of modern Mockers," so Breughelesque in and 19th century Americans, in feeling, stand for me as the finest 1916 and he continued to collect feeling, stand for me as the finest works in the show.

The 92 works from the Phillips remained set on contemporary Collection occupy the larger portion of the Hayward, and there is lection to continue active after through as clear as ever. tion of the Hayward, and there is section to continue active the But in the end it must be upon little more to do than enjoin you his own death, he wrote: "it has



"Death of Sergeant Kennedy at Stringybark Creek," 1946 by Sidney Nolan

first pictures, a group of modern and 19th century Americans, in 1916 and he continued to collect until his death 50 years on. The scope of his interests widened to include the old masters, but the emphasis in his collecting always

always been the policy . . . to stress the continuities of art, the evolution of tradition by experience and the necessity to test the innovations of the present hour greatest of the 20th century; by reference to the sources in the some of the most beautiful Bonpast which have stood the test of time . . . This Collection which my wife and I have made the very best of all Renoir, "The together . . . welcomes new Luncheon of the Boating Party directions. We have believed in a of 1881, a ravishing and unambig

separate standard for the best of each kind. We are skeptical about extremist fads... We have new favorites."

So here in their pomp are El Greco and Goya, Corot and Ingres, Degas and Seurat, Cezanne and Van Gogh, Picasso of 1881, a ravishing and unambiguous celebration of youth, social pleasure and the good things of life, of summer sunshine and pretty girls to flirt with beneath the canopy on the river bank. "And you really live by the river?" said the Mole. "What a jolly life!"

new Brahma, Vishmu, Shiva, spe-cially commissioned by the Voices, was done with forceful-ness and care, and revealed a striking if, on this occasion,

bly and often tinglingly accurate the Copland pitching. Simon Bainbridge's A John Adams's Cappella (a setting for six solo voices of the same Rilke poem, string septet.

To Music, lately used by Harrison What I tool Birtwistle in his birthday piece for Sir William Glock) was exe-cuted with ravishing precision and sense of colour, one was suf-ficiently ravished, indeed, by the performance to want to pro-nounce the work the outstanding contribution of its kind since Britten's Hymn to Saint Cecilia. ings (1977), naturally benefitted from the Sinfonietta Chorus's

> rather earnest talent.
>
> The main novelty of the occasion, rather earnest talent.
>
> The Sinfonietta concert in the evening at the Elizabeth Hall was conducted by a newcomer, the American Phonds Kess where American Rhonda Kess, whose advocacy of work by a stylistically diverse group of her compatriots was persuasive. The "uptown," academic or cerebral tendency (whichever label or grance.

lovely descants sung by the two piano version of Ravel's La Valse front-desk sopranos. Param Vir's was a glorious deluge of arabesque and a truly demoniacal

#### The Fiery Angel/Geneva

London Sinfonietta 'Response'

Paul Driver The second of the London Sinfo- term of abuse you prefer) was

other items conducted by Oliver Schoenbergianly flavoured, teas-

Knussen, and already reviewed ingly titled, but distinctly com-

sive as the chamber orchestral.

The quality of ensemble versions by Michael Torke's The achieved by both the large and Yellow Pages (1964) — a roister-

small (six-strong) groupings was ing fleetingly polgnant ensemble breathtaking, as was the infalli-piece with occasional echoes of

Hall on Friday with a showy

evening of world premieres and

is every bit as gleamingly impres-

Maxwell Davies's luminously

note perfect way, as also from the

a new cast, conductor and orches-

tra, but a London showing is now

#### **Andrew Clark**

When the Los Angeles Music turned out to be a Russian Army Center Opera staged *The Fiery General.*Angel last autumn, it was billed This was where Robert Israel's as a co-production with Geneva and the English National Opera. pared-down, surrealist decor Eight months later, it has reached the Grand Theatre with

came into its own, aided by Claude Tissier's lighting, which provided some ghostly effects and made the stage action marvellously concentrated. But the apparently very much in doubt.

This may not be quite the trage of the larger edy it seems, for the staging by Andrei Serban is lightweight and uneven—and The Fiery Angel meets all the help it can mat it.

Musically, the production fared

needs all the help it can get if it is to claim a place in the repermuch better. Bruno Bartoletti, conducting the Suisse Romande Orchestra, made an eloquent case Serban seems to have rejected for the romantic lyricism and motorised intensity of the music. the idea that *The Fiery Angel* might be a music drama of serious allegorical proportions, treat-ing it instead as another of Pro-kofiev's comic-ironic theatrical texture and dynamic; the opera sounded expansive and inspired. Sophia Larson and Franz Grun-dheber headed one of the Grand kofiev's comic-ironic theatrical divertissements, from the same drawer as The Love of the Three Oranges and The Duenna. Perhaps he took his cue from the tavern scene, in which a tenor Mephistopheles swallows the inn keeper's boy and describes Renata's predicament as "cette triste farce." The first of the opera's seven scenes was decorated with Théatre's characteristically well chosen and balanced casts. The resonant, penetrating quality of Miss Larson's voice and her remarkable stamina suggested Renata is a role she was born to sing, though in better French than she offered here and with seven scenes was decorated with Commedia dell'arte antics by the more inner expressiveness than Serban drew from her (the role is Sorceress and her retinue; the Agrippa scene was a Punch and Judy caricature of the occult, with vocal amplification; and obviously tailor-made for Jose-

phine Barstow). Grundheber's Ruprecht was Ruprecht was revived after his duel by a man-size syringe poked into his backside. All this was nearer black comedy than expressung with warm and weighty virility, and he held the stage well. In the supporting roles, there was a welcome appearance from Pauline Tinsley as the Sorterms, the production made the most of the last two scenes, in which Ragnar Ulfung's deliceress and from the young American bass Kevin Langan, who which Ragnar Ulfung's deli-ciously camp Mephistopheles had a fixation with his tall, the nuns rus is showing distinct improve-

The Fifteen Streets/Playhouse

Claire Armitstead

a bearing of family loyalty. Teale exides a roughout honest-betrayal, love, loss and all the to-goodness as he rather priglittle homespun wisdoms that gishly belts a younger sibling for make life bearable in almost taunting a newcomer, fondly tips unbearable circumstances. The book is one of Cookson's earliest, home, or simply waxes lyrical to written shortly after she had the young Katie about a day of marked from warrs of break clean wind, for marked and

emerged from years of break clean wind, far mastheads and downs, and she has clearly bonny lasses. penned a part of herself into the it would be easy to run the pip-squeak Katie – youngest and play down for its simple moral-favourite sister of our hero John ity, its glorification through

tights lead to bables (and vice versa) and helifire will get you if poverty doesn't. Addian Rees evocative sliding set is framed by walkways which accommodate large numbers of hooligans whose street chants set up an unsparing commentary on the domestic drama conducted beneath them. The sheer scale of Rob Bettinson's production, origi-nally mounted for the Belgrade Theatre, Coventry, gives it a folksy feel which is intensified by

musical scene setting on a range of folksy instruments.

At the centre of the fifteen streets is the O'Brien household, a place of rough kindness and rougher justice where petty squabbles squall suddenly into brawls and petty lealousies into festering hatreds. We first see the O'Briens, father and son, locked roaring together, an episode that ends harmlessly enough with the hurling of a chamber pot through the parlour window. But much more is to come as the plot unfurls on a deadly sibling tivalry intertwined with the love story of a humble docker and a well-to-do teacher.

Sophisticated it ain't - this is a world where good is good and had is bad and ne'er the twain

After barnstorming its way shall sit down to tea together. around the north of England, this Nigel Miles-Thomas, as the vilbearty adaptation of Catherine Cookson's semi-autobiographical involved embraces the West End in all scowl on his face, while Owen novel embraces the West End in all scowl on his face, while Owen novel embraces the Semi-autobiographical in all scowl on his face, while Owen name. I doubt many in the audit The challenge of Ondine's dances

ence would imagine the capture beyond her.) Yet it is shot role, to re-invent the character through with a shrewd perception that is typical of Cookson's identity. Since the choreography beyond her.) Yet it is snot through with a shrewd perception that is typical of Cookson's writing to borrow a phrase from speaks so potently of Fonteyn genius — of her physical timing, sensitivity, of the (published in 1969 and well worth a read), she has an eye trained to the cruelty of the bigotted poor. The role of the church in faming that bigotty is amusingly exemulated by the role is all the more that bigotry is amusingly exem-plified in Neil Phillips' firebrand G'Brien — who would have become a teacher had fate not put a boating accident in her way.

The setting is Tyne docks, 1910, a place of planks and balconies and precious little privacy, where the tree lead in believe (and vice).

The setting is Tyne docks, 1910, and happily ever after, though it stanley's Mrs O'Brien.



Owen Teale and Christina Nagy

#### Ondine/Covent Garden

#### Clement Crisp

Fonteyn herself stressed. She graphic style. is, as ever with a major ballerina ber musical sensitivity, of the

If I say that at moments I felt that I was seeing Fonteyn again, it is not because Miss Harvey was giving a conscientious impersonation of the unique performance she must surely have seen on Paul Czinner's film of the origi-nal production, but because she

managed extremely well the For Jonathan Cope the task is to make credible a far more inde-cisive character. To Palemon's liquidity of gesture that makes it seem in the first act that Ondine cisive character. To Palemon's is still sporting in her natural romantic hot-headedness in the element. She has the speed to first act he brings youth, good skim through the dances as if looks, and something brooding as borne along on their rushing well as impetuous: we can momentum. She has, and this is believe in his sudden passion for the most difficult thing, the abil-ity to move from capricious innothe sprite. Where experience must deepen the role is in the final scene when, first, the vision cence to deeper emotion without disrupting the line of the charac-ter. And she found, for the final encounter between Unions and Palemon, the sense of inevitability that brings the tale into tight as he seeks to possess her physically. What we saw on Friday

This is, I feel, the very best thing Miss Harvey has done since she joined the company: in her performance Ondine is revealed Paul Crimer's film of the origionoce again as a superb ballerinaper. The last act divertisses nal production, but because she showcase (no bad thing) as well was notable for the clarification in the dances qualities that as an amazing example of choreo. Anthony Dowson's dancing.

of Ondine must set his senses reeling, and her final appearance send him — like the sylphide's James — pell-mell to destruction

reading he can soon give.

There was an implacable Tirrenio from Wayne Eagling, and from Bryony Brind a Berta having a bright cutting edge of temper. The last act divertissement was notable for the clarity of

#### The Seasons/Festival Hall

#### Richard Fairman

It is not often one senses Haydn seem to have set in towards the is not enjoying himself. The idea and arratorio based on The Seasons (Die Jahreszeiten) ought to have appealed to him, but a good half of the score has passed before the composer suddenly catches the scent of the autumn hunt and at last responds with as part of the South Bank's End three senses of proportion.

That apart, there was little to fault in the overall pace of his before the composer suddenly catches the scent of the autumn hunt and at last responds with as part of the South Bank's End cannot be seem to have set in towards the tures of the evening. Unfortunately the trio of soloists had lost peter Schreier, a major attraction, through illness. The tenor part was taken instead by Mald-way Davies (mellifluous singing, but not quite due compensation) and the bass was Benjamin Luxon, at his best in the hunting wright that it is a part of the South Bank's End hunt and at last responds with music that is as invigorating and full of fun as that in his best

The work's problems stem from Baron Van Swieten's text, which is known to have annoyed Haydn with its heavy reliance on in general one has only sympa-thy for Neville Marriner's deci-sion to make a few cuts at the Festival Hall on Saturday night, though some impatience does Chorus was one of the best fea-

fault in the overall pace of his performance with the Academy of St Martin-in-the-Fields, given as part of the South Bank's End Games series. Martiner may give the impression of having little to say about the scores he conducts, but his control over the notes is always impeccable: the music swept along with plenty of vigour Haydn with its heavy reliance on and there was an outward sheen unimaginative lists of flora and on the sound, an ebullient rhyth-fauna. It is also far too long, and mic spring, that suits The Sea-

aria which my old Breitkopf edi-

tion translates as "Behold, athwart the russet mead."

Altogether, though, it was left to the soprano Edith Mathis to steal the solo honours. With imaginative shading in the voice, she deftly coloured all Van Swieten's pictorial lists of lambs and bees, of dusky groves and mossy banks. Haydn may have regarded them as "Frenchified trash," but sung like this, they really come alive.

#### May 20-26

# Nouvel Orchestre Philharmonte, con-ducted by Marek Janowski, Mozart, Stravinsky, Schoenberg (Wed) Théatre Des Champs Elysées (47236877). Orchestre de Paris, conducted by Peter Botvos, BBC choir and Maitrise des Haute-de-Seine: Byrd., Bruckner, Amy (Thurs) Salle Playel (45638873).

#### ITALY

Florence: Sist Maggio Musicale, Teatro Della Pergola, Planist Tatiana
Nicolaeva playing the complets
cycle of Shostakovitch's preludes
and fingues (Thea, Wed) (2779238)
Genos: Teatro Margheritz. A recital
by soprano Shirley Verrett conducted by Kanneth Montgomery
(Sat) (589-329).
Naples: Settimane Musical Internazionali, Museo Pignatelli, Musical
d'Insieme led by violinist Salvatore
Accardo playing Tehalkovaky and
Schubert (Fri, Sat) (417,144).

#### **NETHERLANDS**

Amsterdam: Concertgebouw. Robert Holl, baritone, accompanied by Rudolf Jansen: Schumann, Pfitzner,

Rudolf Jansen: Schumann, Pitzner, Wolf (Wed) (718 345). The Hegus: Philipszaal. Anton Karjes conducting the Netherlands Philhar-monic chamber ensemble: Proko-fiev, Farkas, Dobnany, Ligeti, Jans-čak (Wed) (60 98 10). Utrecht: Vredenburg. Jorge Bolet, plano with the Hague Philharmonic under Bruno Weil: Rachmaminov, Franck (Tue). (31 45 44)

#### **NEW YORK**

New York Philharmonic, Zuhin Mehta conducting Mussorgaky/Ravel (Mon); Zuhin Mehta conducting Mahler (Tue); Zuhin Mehta conduct-ing, Jeanne Baxtresser flutz Zwij-ich, Mennin (world premiare), Mus-sorgaky/Ravel (Wed). Avery Fisher Hall (614 2424).

#### Saleroom/Antony Thorncroft Egyptian art from Eton

started to strip and the inquisitor ment under Jean Laforge.

on show until Friday at Sotheby's. The exhibition is in honour of Mr Harry James, who retires this month as Keeper of the Department of Egyptian Antiquities at the British Museum, and among the main treasures are

sionistic drama. On its own

cent unsold, about par for the course. An Egyptian bronze figure of a cat, dating from around 600 BC, was within estimate at £10,450, selling to the London dealer Riyahi, while an Apulian pottery krater (two handled vase) made around 330 BC fetched £7.700.

Eton College owns one of the prices were below expectations, largest, and best, private collections of Ancient Egyptian art in the UK, and more than two hundred items from it are currently medal commemorating the followed.

ties at the British Museum, and among the main treasures are two blue and turquoise glazed faience chalices, with scenes of Kings in combat in relief, and many Romano Egyptian stucco minimy portrait heads.

The show was an attractive distraction for the dealers and collectors assembled yesterday for a minor antiquities sale, mate was \$15,000\$\cdot \$20,000\$. It is morning session, with over 18 per cent unsold, about par for the course. An Egyptian bronze fig.

The National Art-Collections Sotheby's did better with Fund has made a grant of Renaissance medals, coins and £250,000 to enable the National paper money, which realised Trust to keep the Redieston sofas £151,658, with less than 4 per cent in situ in the Derbyshire manusold. The London dealer C. sion. The sofas, from a set of four Humphris bought a medal of the carved by John Linnnell, will remean Clauding by Various and the stay in the American Clauding by Various and the stay in the American Clauding by Various and the stay in the American Clauding by Various and the stay in the American Clauding by Various and Expression of the sofas and the stay in t Humphris bought a medal of the Emperor Claudius by Varro, a previously unknown medallist working in Filarete's workshop in Rome in the mid 15th century. A bronze medal of Leonello d'Este, Marquess of Ferrara, by Pisanello, sold for £7,700. Both

# **Arts Guide**

#### Opera and Ballet

NETHERLANDS

Amsterdam: Muziektheater. The Netherlands Opera in Die Ent-führung aus dem Serail by Mozart, directed by Helmut Poliza. The Netherlands Philharmonic, conducted by Hartmut Haenchen, with Birgit Fandrey (Konstanze). Wed (255

ITALY

Milan: Teatro Alla Scala. Rudolf Nureyev and Carla Fracti in La Sylphide conducted by Michel Sasson; Flemming Flindt's choreography and scenery and cos-immes by Luisa Spinatelli (Sat, Sun). Again on Wed, but danced by Anita Magyai and Laurent Hilaire. On Tues, Thurs, Donizetti's L'Elisir d'Amore produced by Andrée Ruth Shammah and designed

by Giorgio Cristini. Guiseppe Patane conducts a cast which includes Carmela Apollonio, Alida Ferranini, Enrico Fissore, Alberto Rinaldi and Goesta Winbergh. (80.91.26).

Rome: Teatro Dell'Opera. Kurico's successful production of Richard Strauss's Salomé, conducted by Wolfrang Repnert.

Naples: Teatro San Carlo. First performance of a new ballet by Vladimir Vassiliev, danced by the choreographer and Ekater-ina Maximova, conducted by Peter Mang. (Thurs) (417.144) Turin: Teatro Regio. La Traviata, with the American soprano Barbara Daniels as Violetta,

Leo Nucci (Germont), con-



#### MILLE BREAK-FIRST Some days are better than others.

Especially those which begin with a breakfast from MILLE BREAK-FIRST and a complimentary copy of the FINANCIAL TIMES. Mille Break-First

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EUROPE'S BUSINESS NEWSPAPER

ducted by Wolfgang Rennert with Lia-Rabine in the title role (alternating with Edda Moser), Horst Heistermann and Elizabeth Glauser (Sat). Also (Sun, Wed) Rossinl's Mose produced by Pier Luigi Pizzi and conducted by Paulo Olmi.

conducted by Daniel Oren with Raina Kabaiwanska alternat-ing with Adriana Morelli in the title role, Guiseppe Giacomini and Silvano Carroli, produced by Attilio Colonnello (Sun,Tues,Thurs) (589.329) Venice: Teatro la Fenice. The Kirov Ballet in Swan Lake (choreography by Petipa/Iva-(choreography by Petipa/Iva-nov-Vinogradov version) (Tues, Wed). The Kirov in a Gala pro-gramme which includes Baja-derka (choreography by Petipa and music by Ludwig Minkus). Divertissement from the ballet Paquita by Petipa, and contem-porary works by Bejart, Kif-mann, and Olog Umassadov. Dano Raffanti (Alfredo) and mann and Oleg Vinogradov. (5210161) Florence: 51st Maggio Musicale.

First performance of a new opera by Sylvano Bussoti, L'Ispirazione, produced by Derek Jarman and designed by the composer. The cast includes Julia Conwell, Anastasia Tomaszewska Schepis, Tilda Swinton and Richard Cowqan, conducted by Jan Latham-Koenig. (Thurs).

ducted by Nello Santi (to be replaced with Daniela Longhi, Paulo Barbacini and Licinio

Montefusco at some performances). Pleasant conventional production by Alberto Fassini, designed by Pierluigi Samaritani. (Fri, Sun, Wed) (543.000)

Genoa: Teatro Margherita. Tosca, conducted by Daniel Oren with Daine Margherita.

**WEST GERMANY** 

Berlin: Deutsche Oper, Aida has fine interpretations by Cristina Angelakova, Julia Varady,

Matti Salminen and Ingvar Wixell. Siegfried brings Gwy-neth Jones, Gerd Brenneis and Simon Estes together. Dimitri Simon Estes together. Dimitri Shostakovitch's opera, Lady Macbeth von Mtzenk is offered with Karan Armstrong, Kath-ryn Montgomery-Melbner, Dim-iter Petkov and William Pell. A Brigitte Fassbaender Lieder recital closes the week.

recital closes the week.

Hamburg: Staatsoper. Cav and
Pag is steered to triumph by
Bruna Baglioni, Giorgio Lamberti. Franz Grundheber,
Natalia Troitskaya and Wladimir Atlantow. L'Elisir d'Amore
features Marie McLaughlin,
Franz Grundheber and Rolando
Panerai. Le Nozze di Figaro has
Linda Plarb. Eva Maria Tore. Linda Plech, Eva Maria Tersson and Peter Galliard. Il Barbiere di Siviglia with Hellen Kwon, Eva Maria Tersson and Geoffrey Moses.

Cologne: Opera. Carmen is respectable with Victoria Vergara, Harald Stamm and Martin Finke. Don Pasquale is a well-done repertoire/perfor-mance. Also this week, a Barbara Hendricks Lieder recital, accompanied at the piano by Roland Poentinen.

Bonn: Opera. Tosca in Giancarlo del Monaco's production has a strong cast led by Teresa Zylis Gara, alternating with Grace Bumbry in the title role, Guiliano Ciannella and Juan Pons. La Gioconda, in a concert version, will be conducted by Eugene Kohn and has Eva Mar-ton outstanding in the title role. Die Meistersinger has

Rene Kollo as Walther, Bernd Weiki as Sachs and Lncy Peacock as Eva. Frankfurt: Opera. This week's highlight is Tosca, in Jean-Pierre Ponnelle's production

with Galina Savova in the title role, Louis Lima as Carava-dossi and Ingvar Wixell as Baron Scarpia. Le Nozze di Figaro features Hildegard Hei-chele, Nan Christie, Wolfgang Schone and Tom Fox, Also offered a Hans-Peter Blochwitz lieder recital and William For-sythe's ballet, Impressing the Munich: Bayerische Staatsoper.

Der Widerspenstigen Zahmung, choreographed by the late John Cranko. The rarely played Die Sache Makropulos, by Janaček will be offered for the first time in Munich with Hildegard Behaman Asteld Vanner. rens, Astrid Varnay, Kenneth Riegel and Claus H. Ansjo. Hoffmanns Erzählungen stars Julie Kaufmann, Trudeliese Schmidt, Elena Cotrubes and Siegmund Nimsgern.

#### Music

**PARIS** 

Petitis Chanteurs de Paris and the Orchestre Nationale d'Ile de France, conducted by Jose-André Gendille; Bach, Fauré, Wagner, Schubert (Tue) Saint-Roche church,

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# **FINANCIAL TIMES**

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Tuesday May 24 1988

# Where to go after Kadar

nomic reform.

Hungary today, with its high foreign debt, falling living standards and industrial weaknesses, is not the most productive of advertisements for Gorbachevstyle reform. Certainly its reforms have not been implemented forcefully enough to enable the economy to resist deteriorating terms of trade or to transform its bureaucrats into entrepreneurs overnight.
Nevertheless the new ortho-

doxy, now heard echoing in uni-son across much of the Soviet bloc, has drawn heavily on Hungary's experiments in decentral-isation, in relaxation of central planning, in private enterprise, taxation, banking and devolution of decision-making in industry. Now it looks as though Hun-gary under Kadar's successor, Mr Karoly Grosz, may become some-thing of a laboratory for political reform. Mr Grosz's credentials as an economic, let alone, political reformer are not as solid as they might be. Many Hungarians who converted to the reformist cause

long before he did have yet to be convinced that his commitment to greater freedom of expression for alternatives to the party line, or to the separation of party and state sketched out at the week-end's party conference in Budapest, is stronger than his commit-ment to backing winning horses.

#### Raised expectations

Nevertheless Mr Grosz's pronouncements on the need for reform, during his none-too-dis-creet campaign for the party leadership, have raised expecta-tions that he will not easily escape, especially in view of the more relaxed attitude to political debate evident in Moscow.

Indeed Mr Mikhail Gorbachev's rague talk of greater democratisation as an essential pre-requi-site to economic reform may have added unnecessary compli-cations to the task facing reformers in those of the Eastern Bloc capitals such as Budanest where there is genuine rank and file pressure for both economic reform and political pluralism.

FOR MORE THAN 20 years Janos
Kadar's Hungary has been Eastern Europe's laboratory for ecoparty policy and greater participarty policy and greater participation in the formulation of that policy by the ordinary worker or party member, the Soviet leader has sown potentially damaging

confusion.

Recent events in Poland have already shown the folly of taking his calls for greater trade union independence totally at face value. The hesitancy of the Polish authorities in responding to the initial conclusions of the pol-the latest outbreaks of industrial icy review that Mr Kinnock, the unrest, let alone the hesitancy of the Soviet leadership in dealing with nationalist unrest, indicates that the East European leaders, from Gorbachev down, as well as their people are embarked on a period of learning which unless confidently handled could get seriously out of control.

#### Oppressive control

Decades of oppressive central-ised control by the ruling Com-munist parties have left the Eastern Bloc states without institutions for, and experience of, non-violent resolution of political conflict.

It is time for Mr Gorbachev to must start laying the ground rules in unequivocal terms, spell-ing out clearly what he means by democratisation and how much progress towards political plural-ism the Soviet Union, as political guarantor of the Eastern Bloc, is willing to tolerate.

He must redefine the old Leninist slogan "the leading role of the party" for the new age in which the people are to be treated as adults, capable of taking responsibility and to be trusted with decisions affecting their capables. their own lives.

The forthcoming party conference in Moscow next month will provide a timely opportunity for a profound re-examination of the role of the party within the state, and the relationship between the ruling parties within the Soviet

It is to be hoped that the Soviet leader will win decisive support for the principles he is advocating. But first he must define pre-cisely what he wants for and of the peoples and states he pro-fesses to lead.

# Priorities for community care

THE NEED to provide adequately at the expense of taxpayers for loss of earning power in old The Commons committee for loss of earning power in old age is widely understood. Living istandards, however, depend as much on the availability of services as on incomes. The failure to develop an adequate network of long-stay hospital facilities and the return of the mentally ill and to develop an adequate network elderly to the community. The of non-residential community policy, which everybody agrees care facilities means that many mented numeric largely because elderly and handicapped people simply cannot buy the services the closure of National Health they want: they are forced into institutions even though the care accompanied by a corresponding

schemes are also thwarted by authorities have not been expanperverse financial incentives, ded in line with their new respon-kxpenditure on domiciliary ser-vices is subject to relatively tight financial control and a rigorous savings made when NHS wards "needs assessment" by social ser-lated assessment by the correct wards are closed. Many would willingly vices departments. But the same rules do not apply to residential homes. Last week, the Public Accounts Committee of the House of Commons drew atten-tion once again to the distortions caused by the funding of residential care through social security benefits. Between 1980 and 1986, the number of old people in private and voluntary homes more than doubled and supplementary benefit payments to finance their accommodation rose from £18m

#### Loaded choice

The expansion was not a reflection of the quality of service but of the loaded choice presented to many old people. The cash they can obtain with no questions asked if they enter institutions cannot be used to purchase domi-ciliary services delivered to their Commission pointed out in 1986, bodies. The DHSS is attempting the cost to the taxpayer of residential care is much higher than but with few resources and less that of comparable community opposed to about £130.

Moreover there is considerable scope for abuse. The payments are frequently made directly to the proprietors of the homes who then hand out "pocket money" to Lack of monitoring arrange this led to "unreasonable profits" away.

they need could be supplied more increase in community facilities, cheaply directly to their homes.

Attempts to develop efficient The problem is that the social and humane community care services budgets of the local increase expenditure on the elderly and handicapped, but they cannot put Whitehall's community care directives into effect because of measures, such as rate-capping, designed to constrain their overall expenditure.

#### Disturbing incompetence

The overall picture is one of disturbing incompetence. Limited resources are not being allocated resources are not being anocated wisely between different kinds of care because money is available from different budgets according that Iran has fully accepted Resources. The mentally intion 598 which calls for an end maker, yesterday appointed as maker, yesterday appointed as from different budgets according that Iran has fully accepted Resolution to different rules. The mentally ill are discharged from hospitals before facilities for their care in lift it is, it may be possible not to the community have been set up. The elderly are entering expensive homes because of perverse financial incentives. Responsibilfinancial incentives. Reity in the field is split between local social service departments, health authorities and a diverse range of private and voluntary bodies. The DHSS is attempting

In March, Sir Roy Griffiths, a special adviser to the Thatcher Government on health matters, made a strong plea for urgent reform. The only way to sort out the mess, he suggested, was to make somebody clearly responsitheir dependent residents, ble for community care. He con-According to the PAC, the fees cluded that local authorities were charged have tended to reflect the only plausible candidate and the supplementary benefit limits recommended that they receive set by the Department of Health resources to match their responand Social Security rather than sibilities. The Thatcher Governthe quality of services offered. ment may dislike Sir Roy's conclusions, but it must if it is to ments, said the PAC, meant that confront these deep-seated probthe DHSS did not know whether lems. They are not going to go

Michael Cassell looks at the prospects for a Labour Party refashioned for the 1990s

# Kinnock's journey to the future

MR NEIL KINNOCK'S ability to destroying its basic credibility lead Britain's Labour Party to the and fatally damaging its electoral promised land of power by way of a remodelled political ideology is about to face its first test. Tomorrow, the party's national executive committee meets to consider the initial conclusions of the pol-

certain that they will be adopted.

The bigger challenge for the party leader and his supporters is to win approval from the wider party and from the public — to and trade union figures, have create a political cread capable of broad framework for the new party and trade union figures, have been working privately on the

and left but between old and give, their backing for the outline new.

The party's left wing does not The backcloth to the review

party conference. The left out their commitment to a demo-claimed that bedrock socialist cratic socialist doctrine. doctrine was under threat from a a proud crusade was degenerating into a humiliating readiness and maintain a free, pluralist to accept the Thatcherite, capital-

Mr Tony Benn, the principal parliamentary custodian of left-wing purity, is challenging Mr Kinnock for the leadership; the issue will be resolved on the first day of this autumn's Blackpool groups concerned recognise that, conference. The campaign was while the party's objectives expected to revolve around the remain intact, they will need to two men's views of the party's

intended to demonstrate the Bryan Gould, one of the prime that any new manifesto must embrace changes. But he insists that "none of them really alter the underlying faith which brought the Labour movement into existence." He gives a warning that, in the search for "media is to shape a political philosophy ing that, in the search for "media is to shape a political philosophy ing that, in the search for "media is to shape a political philosophy ing that, in the search for "media is to shape a political philosophy ing that, in the search for "media is to shape a political philosophy in the labour movement into existence." In the party's priority into existence in the search for "media is to shape a political philosophy in the labour movement into existence." In the case of the cumbersome economic baggage of the 1960s that the cumbersom into the substitution of a new system of duction of a new system of the review treads the same also proposals for a statutory duction of a new system of the review treads the same also proposals for a statutory duction of a new system of the review treads the same also proposals for a statutory duction of a

Mr Kinnock's annovance at the Mr kinnock's annoyance at the prospect of a distracting contest fought on such territory has been tempered by his delight at the thought of inflicting upon Mr icy review that Mr Kinnock, the Benn what is widely expected to party leader, inspired after last be a crushing defeat. But the year's third successive general party leader does not intend to party leader does not intend to bestow upon the leadership challenge a status he believes it does not deserve, a response which by left-wingers at tomorrow's meeting, but Mr Kinnock's dominance of the committee makes it certain that they will be adouted

party and from the public — to create a political creed capable of rendering Thatcherism obsolete in the 1990s.

Labour is attempting to shift its halance; it is not, say Mr Kinnock's allies, budging its basic ideological position from the centre-left of British politics. In the leadership's eyes, therefore, the battle is no longer between right will be asked for, and expected to give their backing for the outline.

The party's left wing does not see the review in the same way.

The criticism started almost was provided by the statement of aims and values, written jointly before Mr Kinnock had finished by Mr Kinnock and his deputy his address to last autumn's Mr Roy Hattersley, which spells out their commitment to a demonstrate.

The leaders' document is generously peppered with socialist themes, from its pledge to create society in which power and wealth are more equally distributed, to its commitment to raise

be tailored to embrace fundamenfuture: Mr Kinnock's "new social-ism"; Mr Benn's overtly anti-capi-talist revitalisation of basic Though they rarely acknowl-

There is, so far, little evidence in many cases tacitly accept the of the "great debate" Mr Benn has promised. Next month, howvears of Thatcherism. Leading ever, he will hold another rally Labour party figures like Mr intended to demonstrate the Bryan Gould one of the prime

Sensitive bras

their curves and the bra springs back to the right shape after

ment has caused some surprise

The company spelt out the

While Hignett is high-up in

qualities it wanted for the job in

laundering.

ing Tory philosophy in a dis-tinctly old-fashioned light. Supporters looking for signs of inspirational radicalism may not find much comfort in the initial deliberations, many of which, at this stage in their evolution,

inevitably appear generalised.

Party critics, not just from the hard left, have already made clear their belief that the review is more concerned with getting Labour off old ideological books than into a new suit of clothes. They have labelled the policy papers evasive, feeble, bland and cloudy.

Though some proposals may appear radical for Labour, they might not be seen in the same light by an electorate used to the daily challenges of the Thatcher revolution. Much of the emphasis is on freedom and individual choice, already well-enshrined as the political language of the

The cornerstone of Labour's new thinking lies in its economic policies, the area which Labour fluffed at the last election and which Mr Kinnock believes will prove decisive at the next.

Under Mr Gould's guidance, the party has abandoned its Alternative Economic Strategy of the 1970s, which was based on a blend of Keynesian demand manfor undiluted socialism. And in a have gone as far as to admit that agement, an expanding probook published today he accepts some Tory-inspired restructuring gramme of nationalisation and duction, distribution and from as low as 15 per cent to as Labour party of the next century that any new manifesto must may have been necessary to embrace changes. But he insists dump some of the cumbersome comes a Medium Term Financial The review treads the same also proposals for a statutory Owen's Social Democrats.

together with calls for a partnership which couples individual opportunity with a major, goods and services.

The policy papers in many cases tacitly accept the influence and impact of nine years of Thatcherism

utilities. They would be obliged to meet state-imposed investment and pricing criteria and stanreturn, Labour will escape the nightmare of renationalisation.

industries and to the critical role policy paper on consumers and of science and technology in the community bravely suggests Britain's economic future, that the market is the most appropriate means of ensuring the efficient distribution of many

enabling role for government.

The proposals call for a number of "public interest" companies to be created, covering the major, statutorily responsible In stressing the needs of con-sumers alongside those of producers – another common theme – Labour now talks of a new "public enterprise culture." embracing a range of public ser-

vices from transport to health and local authorities. According to Mr Jack Straw, joint chairman of the consumer review group, the public sector may have been too self-serving in the past and must in future be judged, along-side the private sector alternative, on the grounds of efficient delivery of services. Some of the policy review's most fundamental disagreements came in the discussions of taxa-

tion. Mr John Smith, the shadow Chancellor, nevertheless appears to have won the argument that, while Labour's redistributive philosophy remains secure, the old soak-the-rich attitudes, once beld dear by any self-respecting socialist. must go.

explosive policy areas to be explored is Labour's relationship explored is Labour's relationship with the trade unions, the ledrock of its traditional ampoort. The party faces a difficult balancing act; it must promise to remove what it sees as absurdly restrictive measures governing trade union activities while being careful not to rekindle wide-arread, public antagonism. spread public antagonism towards the unions.

My Michael Meacher, the shalow Employment Secretary, wants a new power-sharing structure for industry, giving employees access, possibly on a ingal basis, to the decision-making processes of management, Sections of the Conservative Employment Acts regarded as beneficial to individual workers' rights, such as recourse to secret ballots, will not be repealed.

Perhaps the party's biggest dilemma is on defence, the electoral issue which argushly over shadows all others and which the initial review has so far barely

initial review has so far barely

initial review has so far berely touched on.

Mr Kinnock has his personal inclination to consider shandoning the party's non-nuclear objectives — and no political ellow-room to do so either. But he clearly expects events beyond his own centrol to help smooth the path to a less contentious stance. Developments in the field of arms control will almost certainly help Labour overcome its dilemma over US nuclear weapons based in Britain; the party can be expected increasingly to press within Nato for less reliance on nuclear forces and more dependence on conventional weapons.

Mr Kinnock is stready forcefully advocating adoption of a Nato no first use nuclear streamers like those he made recently in Madrid, stressing the need for the Western allies to maintain defence forces capable of resisting and deterring convented military threat do capable of resisting and deterring any potential military threat, do

over Labour's position. In the defence debate, the Trident missile remains the issue that all opposition politicians must address. Mr Kinnock and his colleagues must now begin to formulate an unequivocal posi-tion on Trident — a decision which will not be left to any pol-

little to clear up the uncertainties

icy review committee.
Labour has reached, said Mr.
Hattersley last weekend, a "year
of destiny as well of decision." The party's policy review now had to produce a breakthrough which would excite loyalists and attract new supporters, he said. Labour might not survive if it lost its faith.

lost its faith.

More accurately, the party has another twelve months to complete the decision-making process. Until specific policies have been honed down to provide Labour with a sharper cutting edge, it will be hard to assess how significantly Labour has altered its message and how attractive it is likely to prove to waters.

The party leadership believes the electorate shares its vision of a democratic, caring and compansignate society, though it acknowledges the public's cont-inuing doubts about Labour's The leadership claims that this broadening of the concept of public ownership is consistent with clause four of the party constitution, which since 1918 has committed Labour to the common ownership of the means of production distribution and size in the same size in the same of the

#### Perez makes progress

■ Perez de Cuellar, the United Nations Secretary-General, passed through London yesterday for talks with Margaret Thatcher and the Foreign Secretary, Sir Geoffrey Howe, en route to the summit meeting of the Organisa-tion of African Unity in Addis

It is odd that he does not come here more often since the Prime Minister rather likes the 67-yearold Peruvian diplomat and, in a quiet way, the UN is going through an active phase.

Perez talked mostly about the

Iran-Iraq war where he seems to have set a private deadline of around July 1 for reaching agreement on a cease-fire. He is await-ing a written reply from Iran on some procedural proposals he has made to facilitate talks between the two sides. The reply must be to war and was passed last year.
If it is, it may be possible not to move to a further resolution demanding an arms embargo on one or both parties.

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If it is, it may be possible not to move to a further resolution of demanding an arms embargo on one or both parties.

If it is, it may be possible not to move the company and the company.

If it is, it may be possible not to move the company and the properties of the company.

The change in the war on the ground, with Iran no longer obviously advancing, may make a set-tiement more likely.

There is also Cyprus where a new initiative is due. Thatcher that new person "must have substantial experience operating on the saw George Vassiliou, the new main board of a major group of Show yesterday, and Thora Hird companies". The implication was and Susan Hampshire attracted a flurry around the Rosemary next week. Not least there have was looking for should have been the London talks - outside worked at a high level in an the UN auspices - on the future industrial operation. of Angola. Perez regards them as played a role.

played a role.

has not worked on a day-to-day
Perez is sticking to the formula basis in an industrial company. of "proximity talks" in nearly all He is on the board at Lazards, negotiations. The job of the but there are 59 people, so room Secretary-General, he says, is to for quick decisions may be lim-help the parties to a dispute save ited.



*OBSERVER* 

"It's the chief whip on the line

company's finance director. Hig-nett's City experience will clearly be valuable. Glaxo-watchers will

#### Chelsea blooms

■ Jane Asher and some cleverly wrought model bees ensured plenty of interest in the Gale's Honey garden at Chelsea Flower Show yesterday, and Thora Hird

Thora Hird had come to see the pink floribunda rose that had in August. been named after her. "One of a miracle. And, of course, there is the Soviet withdrawal from Afghanistan in which the UN has played a role.

While Hignett is high-up in the nicest things that has haptened to me," she said. It hooked the City's Takeover Panel - he far more attractive that yellowed a role. low Terry Wogan on the same stand. It was hard to escape Wogan since his name was there again among the sweet peas with another variety, the Noel Edmonds.

face. He has not done too badly. He is, however, friendly with though recently he has been sided by the more conciliatory being Glaxo's chairman, previous gardens this year, hence the attitude to the UN of the Soviet ously worked for 12 years as the scarecrow with artificial crows

on one stand. The Birmingham stand had grabbed the most eye-catching prop, however, with a sports car plonked amid the flo-

ral display.

The media were particularly enthusiastic about the marquee exhibits in mid-morning becaus it was teeming down outside. All the arc lights and tripods and microphones and interviewers interviewing authors talking to actors smiling for the cameras destroyed any hint of atmo-

Then a funny thing happened.

A bird started singing and it wasn't a recording, but a genuine gatecrashing blackbird attempting to introduce a little rural idyll. It soon flew away. Someone must have explained there is a rule that bans livestock.

#### Music to Moscow Britain's new Ambassador to

be able to serenade the Russians with music as well as words. The son of a New Zealand orchestra conductor and brother of the British conductor Nicholas Braithwaite, the 56-year-old Bedales and Cambridge educated envoy is himself a viola player, which should go down well in a country where string music is particularly appreciated. Since 1984 he has been Deputy Under-Secretary of State (Economic) in the Foreign Office, following a stime of Chancour of the stint as Head of Chancery of the UK Representation to the European Community during the early years of Britain's member-ship. In Moscow he will succeed Sir Bryan Cartledge who retires

#### Not cricket

If you are going to Lords this season, be sure to take a careful look at your tickets in advance. The advertising department of the Financial Times took a party of six guests there yesterday with tickets marked Grand Stand West, Row 12 and costing £30

There is no Row 12 at Lords.

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From Dr David Green Sir, Your editorial (May 17) concluded that the Government's priority should be to "improve the management and efficiency of a tax-financed national health service (NHS)" rather than to enceurage private health insur-ance. This view fails to take into account the serious structural flaw in the NHS.

For 40 years people have been told that the Government will meet all their health needs. The lead inevitably to rationing. reality has always been rationing For most of the life of the NHS. NHS reality, a tendency which tee a right to a service when the has probably contributed as cost is unknown. much as anything to the atmo-sphere of crisis which has sur-effect of the NHS promise of

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because the NHS relies on taxa-used the specious slogan "ninep-tion access is not guaranteed, ence for fourpence" to encourage

#### Letters to the Editor

#### Radical ideas on health

with other consumer goods; efforts to finance it from taxation

The only way that health care by waiting lists - and the out could be an entitlement is by right denial of treatment, dismeans of a bought and paid-for guised as "clinical judgement." private contract, under which the private contract, under which the (actuarially-sound) premium is the medical profession cooper- paid by the individual or family ated with this immoral deception in return for a contract of insurof patients. Today doctors ance, ultimately enforceable at increasingly refuse to mask the law. No government can guaran-

rounded the NHS. The plain real "free" health care has been the ity is that so long as way it has undermined the capacgovernments try to finance ity of people for self-direction, health care from taxation they and spread a child-like depen-will never be able to meet public dency on the state. The deception involved in compelling people to will never be able to meet public expectations.

The chief reason why funding the NHS from taxation continues at the same time presenting that to enjoy support is that most of service as a kind of gift from us want everyone to be able to get essential health care whether they can pay or not. What is its early origins before the First insufficiently recognised is that world War, when Lloyd George because the NHS relies on taxa.

Health care has much in common support for the original "panel \*\* service.

We cannot escape personal whether the payment takes the form of a tax or a freely-paid price. Paying a price is a disposal of income - whereas a tax is a deduction from income, which takes away personal responsibil-ity for deciding how much money will go into health care, and curtails personal power to choose the best arrangements for the supply of medical services, thereby impeding competition. The only realistic alternative to

taxation is insurance. At present about 5m people work is satisfactory.

Greater consumer power could be achieved by leaving the NHS more or less intact, thus causing the minimum of disruption, but

simultaneously permitting people who are dissatisfied to escape, and to claim an age-weighted voucher representing the tax they had paid towards the NHS. People opting out would be required to relinquish their claim to free NHS services and to take out private insurance to the value of the voucher or more including catestrophe cover.

ALTHOUGH mostly too polite to

say so publicly, the Japanese community in London was palpa-bly disappointed by what it saw

as the underwhelming reception accorded to Mr Noboru Takesh-

ita, Japan's Prime Minister, on his visit to London earlier this

of his actual visit was pretty

outlined what his advisers con-sidered were distinctive depar-

tures in Japanese external policy.

There is merit in the Japanese complaint. Although improving

in quality and range all the time, general reporting from Japan

loes not thrust itself into the

media consciousness in the UK as much as that from the US or

from the major European nations. The reverse is not true, as reflected by the fact that there

are around 50 Japanese staff correspondents resident in London, five times the British journalistic representation in Tokyo. The

nigh cost of living in Tokyo only

partly explains the discrepancy.

More fundamental is surely the

fact that policy makers and opin-ion framers in the leading West-

ern nations have only recently

become accustomed to the idea, and still not necessarily the prac-

tice, of taking Japanese views

and policies into account. Japan had abetted this state of affairs

for much of the post-Second World War period by its diffi-

dence in expressing opinions.

There have been recent excep-

tions, mostly in international

economic and monetary delibera-

tions but specifically in the dis-

cussions leading up to the INF treaty, which eventually encom-

passed the status of Soviet SS-20

missiles threatening Japan. But these are not yet sufficient in

There are also differences in

perception about the purpose of "diplomacy". The Japanese, like

number to prove a rule.

The Government would no longer face a commitment to finance an unlimited set of health care services, but would make a fixed annual contribution. People who wanted more services would be free to pay more. The pressures on the NHS will ease as individuals opt out, reducing the extent of the open-ended financial obligation faced by government. No one will be "locked into"

the NHS, because at any moment each person will be free to escape by choosing the voucher option. Individuals of families choosing to out out of the NHS would not be confined to using private hoshave private health insurance. pitals. They could receive care This number would proceed to pay for ance of power between doctor not already been forced to pay for ance of power between doctor and patient. Above all: everyone, the NHS through taxation. No and patient. Above all: everyone system will ever be responsive to whether rich or poor, would have consumers if producers receive the opportunity to become a pri-payment whether or not their vate patient.

> Director, The Institute of Econon Affairs, 2 Lord North Street, SW1

#### Discontent was particularly focused on the paucity of press Form is no and television coverage. There had been a number of "curtain-raisers" before Mr Takeshita arrived, the Prime Minister aiding this process by talking, albeit vaguely, to British correspon-dents in Tokyo. But it is undenla-ble that the substantive reporting substitute for meagre. Indeed, in terms of col-umn inches, the opening in Lon-don of the new Japanese film substance Tampopo, described as the "first noodle western", was rated more important than his speech at the Mansion House, during which he

FOREIGN AFFAIRS

or multilateral meetings are important for their content. This expectation coloured asse of Mr Takeshira's visit before he got to London, and indeed Japanese officials, in their off-the-record briefings, encouraged this. The UK was confidently informed public domain suggests that the that Japan had now concluded Japanese delegation did not take that US power in the world was the opportunity for the sort of

lacking but the form is impres- almost vulgar performance, but it

fre. constituted a challenge to Japan increased spending on aid, at a But this is not, as Edward Mor- to come out of its shell and a time when the yen was lower timer pointed out in this space willingness, on the British side at tan it is now and when the last week, the Western way of least, to accept the consequences. Now it is possible that Mr T we tend to assume that bilateral and Mrs T did discuss such cosmic issues in the privacy of their tête-à-tête, though knowledge of the two suggests that the British Prime Minister talked and her Japanese counterpart mostly lis-tened. But that part of Mr Tak-eshita's visit which was in the

Jurek Martin examines why Mr Takeshita's recent visit to London made so little impact

definitely declining and that a frank talk which Japan sald and particularly with its stron-gest leader, Mrs Thatcher, was not only desirable but necessary. On the British side, too, there has been ample evidence of a new pillars of Japanese foreign rethink of policies towards policy - international economic Japan. Although there is occa-sional backsliding, such as with the recent freezing of the applications of two Japanese securities firms to deal in UK gilts, there seemed to be a general determination to free the relationship of its fixation on narrow sectoral

other Asian nations, place great store by the formality of high-level government visits. Mr Shintaro Abe, who spent four herself had encouraged Japan to years as Foreign Minister under adopt bolder and more broad to this British government, given book, entitled Quiet Diplomacy. Isran's resident description of the British book, and the same to say that if there is a subject with minimal appeal to this British government, given based policies. She had compared the axe it has taken to the British book, entitled Quiet Diplomacy. book, entitled Quiet Diplomacy, Japan's position today with that which in reality consisted of little of mercantilist Britain in the 18th more than a listing of all the and 19th centuries, actively places he had visited. The Japaengaged in buying assets round nesse themselves really do roll out the world at the most advantathe red carpet for visiting foreign geous price and maximising VIPs, including extensive media returns on the investments. It coverage. The substance may be was, one listener received. returns on the investments. It Toronto economics summit and was, one listener recalls, an on security matters at the United

new relationship with Europe, wanted and the UK seemed to

have been soliciting.
Mr Takeshita's speech at the Mansion House, for example, did touch all three of the supposedly policy - international economic policies, security issues, and cultural exchanges. Yet it made no mention of Japan's reassessment of US capabilities and very little of what Japan wanted in a new relationship with the European Community, beyond the obligatory plug that its borders not be too closed to external suppliers. indeed the speech itself focused on the last of the three pillars. and it is safe to say that if there

There is an official Japane excuse for this: that Mr Takeshita will expound on international economic issues at next month's

later in the year. But this very deliberate programme only serves to underline the Japanese addiction to form over substance and opportunity.

Nations Disarmament Conference

It also renders suspect the Japanese claim that the Takeshita government is embarked on radi-cally different policies from that of its predecessor. It is one thing to say unattributably, as Japa-nese officials do, that there is a difference – that Mr Nakasone's emphasis on the American connection is in the process of major modification - and quite another to decline to say the same thing

It also undermines other claims of new policy departures; the Japanese government is say-ing that it is Mr Takeshita who has elevated foreign aid to a new level of importance in Japanese priorities. Yet it was the Nakasone government which, in four of its five budgets, significantly today. It is natural that Mr Tak-eshita should want to be seen to be different from Mr Nakaso but not quite to the point of distorting the record so blatantly. In any case, the analysis that his officials privately purvey does make a lot of sense. There has long been a big gap between Jap-anese analysis of its external situation, generally very good, and execution of policies that follow from this analysis. Obviously the nature of Japan's relationship with the US has been a constraining factor in this, and will remain so for some time. Mr Takeshita is hopping back to London next week to receive a post-summit briefing from President Reagan and it is extremely unlikely that he will tell Mr Reagan that US

power is on the wane. But the balance of power across the Pacific has changed in countless ways. The manifestations are still mainly to be measured in economic and commer-cial statistics, but the policy and political questions are already being asked. What should Japan's approach to Mr Gorbachev's Soviet Union be? How long can it fight shy of assuming effec-tive leadership of the Asian newly industrialised countries? Should it not have a permanent seat on the UN Security Council? What is its proper global philanthropic role, now that its assets so far exceed its liabilities? What does it really want of a new relationship with the EC, or even Nato? Could it, or would it, fill a

US void in Asia and if so, how? London would not have been a bad place for some answers. By providing them, Mr Takeshita might even have outdrawn Tampopo" in the British public con-

#### 'My interest is to see the NHS preserved as a paradigm for the US'

Sir, Your editorial on the NHS (May 17) was directly on target. I am an American physician firmly persuaded that free enterprise is necessary for the economic health of human societies. However. as in all matters, it is wrong to be doctrinaire about it; there are some societal functions that do not abide the free enterprise system. Medical care is one.
This is because it is to the advantage of society that all its individuals receive health care -

London Zoo's record is not a good one

From Mr Ian S. Macphail. Sir, The announcement by the Government that it is giving a £10m grant "to revamp the run-down London Zoo" is a matter of public concern.

We are informed that since

1983 the London Zoo has received an annual grant of £4m. This total of £20m was presumably given to "turn the commercial side back into profit." The man-sgers of the London Zoo have clearly failed to do this. What evidence is there that a further injection of 210m is going

to improve matters? The finan-cial consultant's report states that the Zoo lacks marketing and management expertise. What assurance has the public that some zoo whizz-kid from the US dian town of Beaune recently I of 24FFr for handling this diffiis going to improve this lamentable state of affairs?-

bounty? There are other zoos in the UK which are commercially profitable, better run and with a The amount I received was Reading, Berkshire much better display of animals. There was once an argument that responsible zoos, with good breeding records, could play a "Nosh's Ark" role in the conservation of our planet's diminishing wildlife. The record there is poor. There once was an argu-ment that zoos had an educational function to perform, but the television programmes pres-ented by Sir David Attenborough refute this; children see wildlife

What makes London Zoo so dif-ferent from other commercial quit smoking every year. Over 95 ferent from other commercial failures as the motor industry, shipbuilding industry, steel industry, aircraft industry, and so on? Ian Macphail,

British involvement; it has been deliberately fostered on the basis

35 Boundary Road, St Johns Wood, NW8

desired. Consequently health A.C. Enthoven. I have published care needs to be rationed. This is my own study of these matters. All efforts to eliminate and make the NHS more efficiently in the UK. In My interest is to see the NHS and make the NHS more efficiently it is accomplished only preserved as a paradigm for the

practical purposes. I believe that the move to encourage opting out of the NHS by issuing vouchers or giving rebates, and encouraging competition in the delivery of medical

large segment of the population
(a segment estimated now at 53m) of any health care for all on health, compared with the UK's 6 per cent of GNP for comparable - and in some respects better - medical care for all your citizens. The NHS needs a base of the entire population in order to function. If people wish to spend

All efforts to eliminate wast are of course worthwhile. How-

ever, an increase of expenditure - perhaps by 2 per cent more of your GNP - is necessary to cure your current waiting and facility problems. The UK health system would still be far more economi-cal than those of the other industrialised countries - and would

be clearly better.

There are problems in water metering

From Mr George J. Smith, Sir, With reference to your cor

respondence on water metering: The average cost of supply and installation of a water meter to a domestic property would be £200; 50 per cent of this being the cost of the meter. Some 24m properties require to be metered. At least 60 per cent of the water meters would be imported. Estimated cost of imported meters is £1.5bn - a burden on our trade

Any legislation governing the accuracy of water meters will have to take into consideration the inlet pressure and rate of flow through the meter. And if the meter is installed at the boundary to the property, as is proposed, any leaks from the serdecided to supplement my stock cult transaction, involving an vice pipe will be the responsibil-The tax payer has a right to know why £30m is being spent on public entertainment. Why was London Zoo chosen for this where the exchange rate of the R. Neal of the benefits of can be some distance from the European Community member meter, and any leaks would go unnoticed until a massive water bill is presented to the consumer by the water authority. Is this one of the benefits of can be some distance from the

by the water authority.

What happens if the tenant or owner of the property cannot pay? Will the water supply be cut off? Will the parents of large fam-ilies or those on low incomes, least able to afford huge water bills, send their children to school dirty, or obtain water Nor are these conclusions from whatever source may be acceptable to anyone familiar with the tragic disruption of social, family and professional life frequently seen among those who use cocaine or heroin. The But if poor people have to choose who use cocaine or heroin. The But if poor people have to choose what they can afford by signs.

via a gratuitous comparison with list tobacco is unwarranted, unjustif-Whom did the Government consult before pursuing this ill thought-out scheme, no doubt George Smith. Huntingdon Road,

#### with the surgeon-general's con-Sir. The latest US surgeon-gen-

Smoking is a different matter

of French francs as the

eral's report on smoking (FT report, May 17), comparing tobacco with hard drugs, is lacking in both scientific objectivity and common sense.

The conclusions reached by the surgeon-general's trivialisation of what they can afford, hygiene eport are simply not supported America's serious drug problem may not be high on the priority per cent of those who quit do so led and irresponsible.
without the help of any organised Michael D. Horst,
cessation programme. Many peoVice President, Philip Morris REC

consult before pursuing the thought-out scheme, no do
with privatisation in mind? nle smoke on only social occa-Region, sions. Others significantly reduce 4 Brillancourt, their intake over time. None of CH-1001 Lausana ple smoke on only social occathese indicators is compatible

Policies benefited Scotland

From Mr Paul Walker. Sir, I find little to agree with in James Buxton's assertion (May 7) that there is little sign of an end to the Tories' decline in Scotland.

This seems rather wide of the mark. Growth in the Scottish electronics sector has had limited British involvement; it has been British involvement; it has been prime responsibility for this iles deliberately fostered on the basis of foreign investment. The success of this strategy owes most to the care with which central and local government agencies—

and high interest rates—might have been designed with financial control of the local government agencies have been des most notably the Scottish Devel-ciers in mind.

most notably the Scotlish Deveropment Agency — laid out the infrastructure and woold foreign firms. The SDA has shown great University of Edinburgh Depart firms. The SDA has shown great University of Edinburgh Depart firms. The SDA has shown great University of Edinburgh Depart firms. The SDA has shown great University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms. The SDA has shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown great in University of Edinburgh Depart firms are shown grea is what Conservative ministers 50 George Square, are thinking of when they talk of Edinburgh, Scotland

nearby - now commuter - Stir-lingshire reinforces my view of change to come. It also emphathat there is little sign of an end to the Tories' decline in Scotland.

True to say that some problems exist, and will remain for some time, but the lower turnout at local elections assertion (and y in come). It also emphasises the fact that, revalued for rates in 1985, the present rate payer population in Scotland well-come time, but the lower turnout at local elections are local elections.

Other concerns such as the traditional industries dominance in West Central Scotland can, with marking a reversal in Scottish work and investment, become a Toryism's run of bad fortune, the district elections have noted the plateauing out of the current rate of fall and, perhaps, of coming renelseance. servative Central Office struc

#### Scots Tories could revive

From Mr Thomas Lines.

Sir, Joe Rogaly describes a prise of Edinburgh financiers, price and the electronics industry form "the spearheads of the enterprise culture" in Scot.

Sir, Joe Rogaly describes a prise of Edinburgh financiers, whose flair and sense of responsibility have been compared favourably with their London counterparts. But it is stretching a print to stronger that this is at local elections masks more Conservative supporters than Labour. Even then, while not

> seen as a success; the other four Wynncots, were held. Edinburgh's Tory Canonbie, demise again reflects this pat Dumfriesshire, tern. The gain of Polmont in Scotland

#### There is a need for a European rating agency

"On the importance of ratings in time. If it is age rating than quartities association (TSA) and in parties as a second of the statement of the statement as a second of the statem

the "enterprise culture."

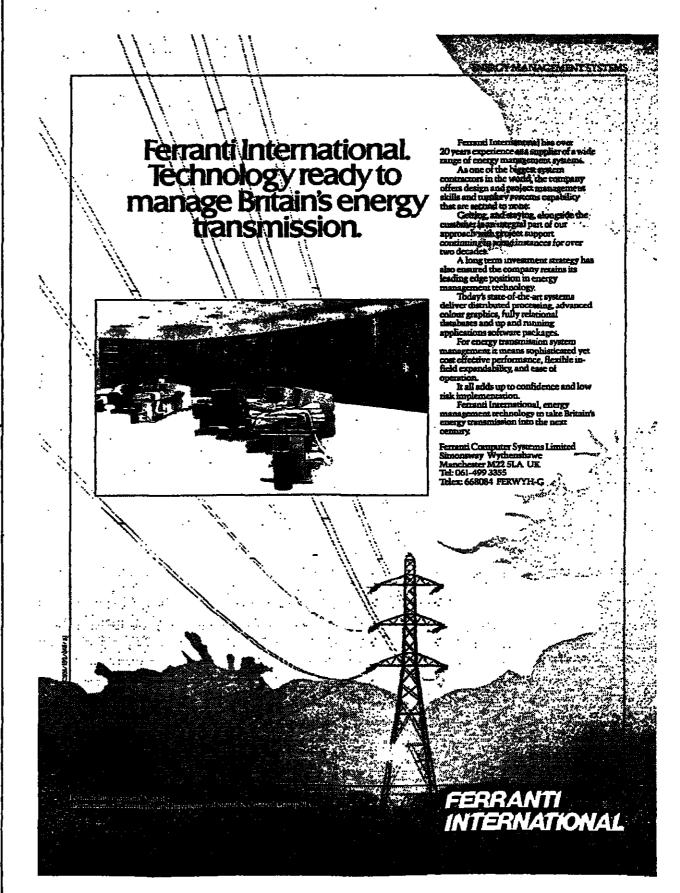
From Mr Duvid Rushton.

Sir, Stephen Fidler's article will be achieved over a period of leading international houses assigned long-term debt ratings on the Importance of Ratings in time. If it is age rather than qual-quote our ratings to their invest to the Bristol and West AA —

ties Association (TSA) and in particular its criteria for the inclusion of "relevant agencies." It is my firm belief that he does scant justice to the newest arrival—EuroRatings.

For the record, we were informed on May 5 that BuroRatings has been accepted by the TSA as technically fully capable of rating, all debt issues to measure in the months rather than decades.

Since our launch in March 1987 cial paper market and EuroRatings commercial paper market and EuroRatings achieved 26 per cent acceptance by investors—this barely six months after our launch. It is also worth noting that in the IFR pricing indications of commercial paper two building to co





Change and decay . . .

obscure foreign

# **FINANCIAL TIMES**

Tuesday May 24 1988

TROLLOPE & COLLS REFURBISHMENT HTTING OUT MAINTENANCE 01-377 2500

Andrew Fisher in Frankfurt tracks the D-Mark's history, from uneasy birth to powerful middle age

# West German currency still fit at forty

FORTY YEARS ago, dockers at Bremerhaven unloaded an umusual cargo. It consisted not of much-needed food supplies, clothing, or vital industrial materials, but of pieces of paper. These were the first D-Marks, printed in Washington and shipped across the Atlantic for the currency reform which was to help start West Germany on the road to a period of astonishing prosperity. Although the D-Mark is now one of the strongest currencies in the world, it did not have an easy

"The initial conditions were highly unfavourable. Up to Day X, the day of the currency reform of June 20 1948, production was depressed, people were starving and the lack of urban housing the certification." was catastrophic."
Those heartfelt words are not

those of a historian or an eyewit-ness. They are in the latest monthly report of the Bundesbank, which documents the prog-ress of the D-Mark in the post-war decades, while also giving a war decades, while also given it little homily on the virtues of monetary stability, consistency,

At a time when Europe's monetary future is being intensely the D-Mark gives the central bank a useful opportunity for a history lesson. It is clearly aimed at those who do not share the off-stated view of Mr Karl Otto Pohl, president of the Bundesbank, and his colleagues, that progress towards European monetary integration, with a joint currency and a central bank, should not be at the expense of financial stability and indepen-

dence from politicians.

**West Germany** How the D-Mark's external value has changed (%)



eper in the 1920s when hyperinfiation

Monetary and financial policies in Europe should be harmonised even more closely in the direc-tion of steady and inflation-free economic growth, it says. "In the final phase of this development, good national money like the D-Mark should only be exchanged for equally good Euro-

rency's record and its anchor-like this century, and to many who do man currency has risen to a presposition in the nine year old not, stability is paramount. And ent level of around DM 1.70 from European Monetary System. now that the D-Mark is reaching DM 4.20 in 1949. In world foreign middle age, the Bundesbank can direct observers' attention back cessful attempts to keep prices stable, promote economic prog-ress and ward off politicians'

pean money."

risen by 130 per cent against the
To non-Germans, that may
smack of arrogance. But to the
trial countries. Inflation has aver-

middle age, the Bundesbank can exchange reserves, it has second direct observers attention back place; some 14 per cent over four decades of mostly suc- (DM129bn) is held in D-Marks, against 74 per cent in dollars and 6.5 per cent in yen. The first wave of speculation

on a revaluation of the currency Since 1948, the D-Mark has came as early as 1957, by which time the West German "economic miracle" was well on its way.

cent at the end of 1951, had come right down, while the current account had moved into surplus that year. To help achieve this, the Bank Deutscher Länder (predecessor of the Bundesbank) had put up interest rates in 1950, annoying Chancellor Konrad

The first actual revaluation of the D-Mark occurred in 1961, with the dollar falling to DM4. By then as the Bundesbank notes, it had become clear that internal monetary stability and exchange rate stability were incompatible over the long term. The advent of floating rates in the early 1970s and the later formation of the EMS has meant that revaluation speculation concentrates on the D-Mark's value against neighbouring currencies; it has no fixed point against the dollar.

The worst time for the D-Mark

was at the turn of the 1980s, just after the second oil price shock and at a time when the current account slid into deficit. In 1979-81, the currency lost nearly 15 per cent of its real value. That was when Mr Pöhl took over, acting to restore stability by tightening credit and thus braving the wrath of Chancellor Helmut

Today, the Bundesbank can speak from strength. The D-Mark is again powerful and the econony strong, although growth has eased. Thus, it says, not without a little smugness: "Forty years of monetary policy in the Federal Republic of Germany, from economic standstill to the present world importance of the currency, provide a wealth of experi Smack of arrogance. But to the trial countries. Inflation has averGermans who remember what aged just 2.8 per cent a year.
their currency has been through Against the dollar, the West Gerwas two-thirds higher than in rency area in Europe."

# Beirut troop deployment

further the deployment of a Syr ian disengagement force between warring Shia Moslem militias in Beirut, complicating contacts between Syria and Iran and cont-inuing the plight of hundreds of homeless families from southern

Refugees waiting for the bat-tles to subside flocked to the safer parts of Syrian-controlled

insisted on the inclusion of Irani ans in any joint security force Both Syria and the moderate Amal militia have objected to the

THE LEX COLUMN

# The hot money heads south

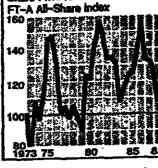
Britain is not the only English-speaking country which has been having problems with currency speculators recently. Australia, which only a few months ago seemed to be one of the biggest casualties of last October's stock market crash, has re-emerged as one of the most attractive havens for the world's hot money flows, and its renaissance says a lot

and its renaissance says a lot about the current priorities and concerns of global investors. Like sterling, only more so, the Australian dollar is benefiting from the relative calm which has descended on the US currency recently. In this environment, investors tend to gravitate towards currencies offering relatively high interest rates, and yields of around 12 per cent on 10-year Australian paper look alluring, especially if there is any hint of currency appreciation. The tight fiscal policies of a local administration, which is likely to administration, which is likely to underline its decidedly conservative stance in its May economic statement tomorrow, has also clearly contributed to the recent strength of the Australian cur-

However, the key factor in the currency's 12½ per cent rise over the last four months is the switch of worldwide investor concerns away from recession and towards inflation. Australia's position as one of the world's foremost pro-ducers of base metals has not been lost on the currency markets, and while the currency factor is the main reason why the local stock market is up by a fifth in sterling terms so far this year, the local worry now is that the firmness of the local currency will begin to hit corporate profits. Fortunately, this is not some-thing that need worry the foreign exchange markets.

Whatever the market thinks of

Associated **British Foods** 



are on a faintly huicrous multi-ple of 3.2. This makes it difficult to avoid the conclusion that just about any equisition would life. about any acquisition would intend the share price — exactly what happened when ABF hid for Berisford in 1967, the last time the stock has risen substantially relative to the market. But though Mr Weston clearly still likes the hard and a particular the state of th look of British Sugar he remains decidedly unenthusiastic about the rest of Berisford, and cannot touch it for six mouths more in any case. And so soon after get-ting shot of Fine Fare, he is unlikely to want any more of Des

than he is already stuck with. Yesterday's annual results showed that earnings per share - even before an extandinary debit of £27.6m, largely for writ-ing down the Dee holding - had done almost exactly nothing between last year and this. Next year should look better, but prob-ably not good enough to get the

**Barclays** 

All the market's complaints about the largest and perhaps least necessary rights issue in history have come to nothing. Not only was Barclays' issue

also explain the issue's success, and Berclays may congratulate itself on having asved 120m or so on underwriting fees, and a furon underwriting fees, and a further flom on paying a maintained dividend on above issued,
at a traditional discount indued,
the benefits from raising memory
this way — especially in markets
that are still so uncomfortable
about underwriting — are so
obvious that it is bard to see why
companies bother with conventional issues at all. The tauah
grumble that deep discount
issues may inflict a CIT liability
on private investors who do not
wish to take up rights is surely a
reason for amosthing out the
wrinkles in tax law, not for raising money in a more expessive first money in a more expensive fischion. It may be no coincidence that the banks - which understand best how the underwitting system works - are the knewest to make issues that dispense with it

27.53

(384

In choosing a career merchant benier as its new finance direc-tor. Glano may well have reflected that its relations with the City need all the belt they can get. Its shares are at a dire new post-crash low of 19.00, hav-ing peaked last summer at 118.45. Part of the problem could lie with Part of the problem could be with the chairman, who - perhaps rightly - sees the market's wer-ries as having no relevance to the longer term, and is at little pains to disguise the fact. Some short-term diplomacy would belo, and having advised Glazo for-more than twenty years, Mr John Hignett cought to be qualified to smally if.

supply it.
The real question is whether
Glaco belongs in the KG or the GEC category: that is, whether the market sees it as a solid but unfashionable overseas carner, like ICL or as an exhausted glass our stock like GEC. Its rating is now at around the market average, which in the abort term is a reasonable reflection of the aver-Whatever the market thinks of his company's shares, Garry Weston is not going to be rushed into doing something foolish with the nearly £1bn in cash and nearcash built up by the Weston family over the past 30 years. Just at the moment, though, the market would seem to prefer that he did anything at all with it rather than park hage amounts in gilts when the was shareholders their money of that year especially if much of that year is going to be much of that year is going to be though, it is a reflection of insti-spent with interest rates in the doldrums.

Up than to start interfering with is at least on the market, while lindeed, if one strips out the management, especially when doldrums.

Indeed, if one strips out the management, especially when cash and ABF's substantial hold-the company in question is a blue Zantac are still a year or two ings in S&W Berisford and Dee chip yielding almost 7 per cent.

Corneration, the earnings attrib
The size of the discount may to do in the interior.

#### Nicaragua extends ceasefire

THE Nicaraguan government announced yesterday it was uni-laterally extending a sevenweek-old truce to allow more time for continuing peace talks with US-backed Contra rebels, Reuter reports from Managua.

A 60-day ceasefire has been in

effect since April 1. The truce, which was to expire next Monday, was the result of a preliminary peace agreement signed at the southern border village of President Ortega said the site

of a new round of top-level talks with the rebels for working towards a lasting peace had not been settled, although each side had agreed the meeting should start on Wednesday.

He said the Government was

#### **UK** Government wins tax vote BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE BRITISH Government's pro-posed community charge or poll tax last night sailed through the House of Lords by a majority of 134 as City of London board-rooms and stately homes were scoured to produce the second highest turnout ever in the upper

The result means that what "Nicaragua has decided unilated a line of the control of the last in offensive military operations... to give space for negotiations to continue." President Daniel Ortega to the principle intact of a flat-rate charge to be paid by all adults in charge to be paid by all adults in

> The vote was on an amendment proposed by Conservative peer Lord Chelwood that the Government should think again and come back with proposals based on ability-to-pay.

> The size of the majority - 317 votes to 183 - and the high turnout startled peers and the many watching ministers and MPs. Lord Beistead, the leader of the Lords, slapped the frontbench and shouted in delight at the

> However, Lord Cledwyn, the Labour leader, later reacted angrily and said the Conservative

whips' summons to dozens of throughout the three hour debate bereditary peers who had never with peers summoned early from the City of London and country. The bishops in their robes sat alongside tweed-wited peers.

Mr Neil Kinnock, the Labour leader, said, "rarely has so much been taken from so many by so Some Conservative peers and ministers afterwards wondered

have been an overkill which could produce a reaction with the opposition keen to ambush the the local government finance bill sure on amendments to exempt from the charge.

including one wearing a scarlet waistcoat. Several peers had to sit on the steps of the throne. The Government was con-

cerned to secure a clear majority in the Lords since, if the amendwhether the outcome might not ment had been carried, there might have been problems in the Commons overturning the result. This was because there was a Government over later aspects of majority of only 25 last month and other bills. It is possible that the Government will face pres-

While a Government victory groups such as student nurses was in little doubt after the early · signs of a high turnout, a key The turnout of 500 peers was role was played by Lord White-copy nine short of the record set law in his first major interven-on the vote on the principle of tion since resigning as leader of on the vote on the principle of this since resigning as leader of entry to the European Community in 1971. It reflected the health. He argued that passing impact both of appeals to honour the Chelwood amendment would manifesto commitments by Mrs change the whole nature of the Thatcher and other ministers and bill.

of the activity of Tory whips under Lord Denham, a political thriller writer in his spare time.

He said that as "a passionate believer in the Lords" he urged believer in the Lords he urged believer in the lords he alorded chamber. The House was packed sion with the elected chamber.

# delayed By Nora Boustany in Beirut

NEW snags have arisen to delay

Iranian delegates and represen-tatives of their surrogate, the Hizbollah (Party of God) have

Syria has hinted that the entry of its soldiers into the embattled

suburbs would bring the ordeal of foreign hostages believed held there by Iranian-backed groups

# Australia's mini-budget route to economic health

Continued from Page 1

spending decisions, the Government starts the new financial vear with a surplus estimated by economists at A\$2.5bn-3bn.

Mr Hawke and Mr Keating have already boosted this fig-ure further by ordering A\$550m in cuts to state government funding this month. The states also lost another A\$550m off their borrowing limits.
Though further federal expenditure reductions and

asset sales are likely tomorrow, they will not compare with last May's tough mini-budget. But because of state and public enterprise spending, tightness remains the order of the day. The idea is to further reduce the net public sector borrowing requirement from its improved level of 2 per cent of gross domestic product. As Mr Keat-ing told the state premiers, the Government has to "get its hands out of the savings jar" to

encourage private sector export-oriented investment and

The big worry at the moment is that the slow but sure improvement in what he calls "the Big Picture" - the current account deficit and external debt - might be undermined by the Australian economy's recent unexpected expansion. Improved world commodity

prices over recent months, despite the October share-market crash, will certainly bring the current account beneath the A\$11.4bn deficit projected in last September's budget. But at close to 4 per cent of GDP the figure remains too high. Likewise, gross external debt, though approaching a plateau at A\$112bn last December, is still too high at more than 40 per cent per cent of

Domestically, real GDP growth in 1987-88 has far exceeded the 2.75 per cent projected last September, perhaps reaching 3.5 per cent. Much of this is due to overheated private consumption and public sector spending rather than

exports or productive invest-

Worse, the combination of better commodity prices and the Government's need to maintain a tight monetary policy to dampen domestic demand has made the Austra-lian dollar extremely attractive to foreign investors.

Yesterday the currency strengthened to 57.4 on a trade-weighted basis (May 1970 = 100), sharply higher than the 51.0 level it reached amid post-crash fears of a world recession. As a result, export-ers and import-competing busi-nesses cannot expect to repeat the gain in competitive advan-tage seen with the deprecia-tions of 1985 and 1986.

To the Government's credit, recognition of this has driven it, since being re-elected last June to a historic third term, to pursue a programme of micro-economic reforms. Mr Keating makes no bones about the objective: it is nothing less than Australia regaining its "economic sovereignty."
The idea is to remove the country's vulnerability by making it permanently competitive internationally.
While identifying what needs

to be done is relatively easy,

to be done is relatively easy, however, winning the political battle is something else.

Last week, after a protracted Labor Party war, the Government backed down on privatisation plans unveiled by Mr Hawke last August. A victory for narrow ideology over pragmatic reformism, it will hurt such capital-starved state agencies as Gantas. Australian Aircies as Qantas, Australian Airlines and the Commonwealth

One feature of tomorrow's mini-budget is expected to be a reform of corporate taxation. A reduction is anticipated in the 49 per cent rate of corporate income tax, paid for with the removal of concessions. How big the cut will be is a, delicate calculation, because the corporate tax rate is linked',

tax paid by employers and, more importantly, to the top rate of personal income tax. Whatever emerges, no one doubts that it will be the product of public and private bat-tles between ministers, among

bureaucracies, within the party and against pressure groups.
Unpopular measures, nevertheless, remain necessary. So at the end of the day Mr Hawke and Mr Keating will be judged by their own pledge of restraint with equity" and the way they sell their measures to disaffected traditional Labor

The next three months are undoubtedly a test of Labor's resolve. Its aim is to deliver a more streamlined economy and prepares to face the electorate and the opposition parties Mr Hawke, if he wished,

could then bow out of politics, leaving the way open to his heir apparent: budget bearer Mr Paul Keating. But it remains a tall order.

# US insurer buys into Kleinwort Benson

Kleinwort, one of the largest UK-based merchant banks, has

**GEO** STOREBRAND FINANS

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COUNTY NATWEST

**Participating Banks** 

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8.F.E. Bank Limited

Bergen Bank, London Branch Deutsche Bank Aktienderellschaft London Branch

The Mitsubishi Bank, Limited Union Bank of Finland International S.A.

Société Générale, London Branch Union Bank of Switzerland, Zurioh

Kansallis Banking Group

TH. -Y. E. W. 77

PKbanken International (Luxembourg) S.A.

Facility Agont NatWest Investment Bank Limited

& The NatWest Investment Bank Group

# **WORLD WEATHER**

# to the rate of fringe benefits

The acquisition is the latest in to keep out potentially disruptive Switzerland and Hong Kong, a series of minority stakes taken elements. Last week it issued a The investment in Kleinwort by various investors in Kleinwort set of principles laying down the in recent years. American Can standards it expected bank sharebought 4.9 per cent in 1986 but holders to meet. sold it a year later. Last November, several UK and foreign insti-informed the Bank in advance of tutions acquired minority stakes its plans. after members of the Kleinwort Based in New York, AIG has a ambittons to become a major family declined to take up their reputation as one of the more international investment bank share of a rights issue. These shrewdly managed insurance

included Sumitomo Life of Japan companies in the US. It has a which holds about 2 per cent. wide international spread and AlG's move comes at a time claims to operate the largest treasury bond dealership to Fuji when the Bank of England has overseas network of any USbegun to apply stricter controls based insurer. It already has will invest a further \$25m in the over bank shareholders in order investment banking interests in venture.

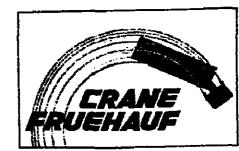
was made through its two London subsidiaries, American International Underwriters Overseas and Pine Street Investments.

The group also confirmed yes-terday that it had completed the sale of 24.9 per cent of its US



# SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday May 24 1988



# Maxxam wins KaiserTech bid battle in \$880m deal

MAXXAM GROUP, an invest- bid ment group led by Houston finan-cier Mr. Charles Hurwitz, is to thirds of KaiserTech sharehold-ers, which will be sought at a worth about \$880m. The definitive merger agree-

Tech management and Mr Alan which it acquired in March from Clore, the British financiar, who Mr Clore and his creditors, for acquired a major stake in Kaiser- \$12 per share.

losses in last October's stockmarket crash. His attempts to give Clore.

Maxxam control of the company have been resisted by Kaiser Tech and Mr

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An alternative leveraged buyincluding senior managers was a dispute over his rights to nomi-rejected in favour of the Maxxam nate members to the company's

#### Western Union to take \$603m quarter charge By Roderick Oram in New York

WESTERN UNION, the US communications group, has taken a \$600m first-quarter charge for a restructuring plan devised by a group of investors who rescued it late last year. It plans to sell its transmission systems so it can concentrate on offering telecommunications services over other carriers' networks.

The plan "will help reduce the burden of fixed costs," Mr Robert Amman, president, said. The charge consisted mostly of

a write-down in the value of USG directors not to sell off the Western Union's microwave transmission, voice switching and other related plant before the company tries to sell them.

Losses from first-quarter operations rose to \$22m from viding value for shareholders in \$18m a year earlier. The full loss resisting Desert's hostile bid. after charges and preferred stock dividends was \$638.5m or \$15.97 a share, compared with \$25.1m or

Maxxam will pay \$19.375 per share for about 36m common ment, signed yesterday, appears shares of KaiserTech. Maxxam to end a battle between Kaiser already owns about 9m shares,

Tech last year.

In addition, Maxxam holds options to acquire more than 8m stake in KaiserTech following preferred shares at price of the control of the con \$13.75-\$14 per share from Mr

Lawsuits filed against Maxxam and Mr Clore in recent weeks will be held in abeyance, all parties An alternative leveraged buy-agreed. Last month KaiserTech out bid proposed by a group filed suit against its chairman in

board. Mr Clore had proposed to nominate representatives of

Voting on the nominations, which had been scheduled to meeting on Friday will now be postponed. A special sharehold ers meeting to vote on the acqui-sition will be held sometime before October 31, the company

Throughout the dispute, Mr Clore has remained chairman of KaiserTech, Maxxam and Kaiserlech refused to comment on Mr Clore's future.

Under the terms of the merge agreement, a newly formed subsidiary of Maxxam will be merged into KaiserTech and rTech will become a subsid

# **USG** claims Desert proxy fight victory

USG, the Chicago-based building share tender offer beyond last products firm, claimed victory yesterday in its proxy contest against Desert Partners, a Texas offered to negotiate a higher \$50limited partnership that is trying a-share merger agreement with to take over the company.

In a preliminary count of the vote, USG said its slate of six

directors received 57 per cent of votes cast at the company's annual general meeting on May

Mr Robert Day, chairman, said the vote was clearly a mandate to

Desert Partners, which is pursuing USG, had tried to turn the proxy contest into a vote on whether management was proresisting Desert's hostile bid.

Desert Partners stated yesterday that it is still interested in pursuing a merger with USG. The group has extended its \$42-a-

Friday's expiration date until this Friday. The Texas group has also

Mr Day has repeatedly said that USG is not for sale and stressed yesterday that the proxy contest victory is a definite indi cation of the confidence USG shareholders have in the company's managemen

In an effort to deter the raiders, USG management has proposed a poison pill" recapitalisation of the company, which is due to be voted on at a special shareholders meeting on June 24.

The recapitalisation offers stockholders \$37 in cash for each share along with \$5 in 16 per cent iunior subordinated debentures and one share in the recapitalised

#### **Montedison** close to deal with **Enichem**

AN INITIAL agreement to proceed with the much vaunted merger between Enichem, Italy's state-owned chemical company, and a substantial part of the privately owned Montedison group appeared to

be near yesterday.

According to an industry official privy to the talks, a letter of intent, which sets out the terms for the creation of a new joint chemical. fibres. fertilisers and artificial rubber company with more than \$10bn of annual sales, is immi-

Last weekend Mr Carlo Fracanzani, the Italian minister for state industry, gave prelim-inary authorisation to go ahead with the deal to ENI, the state energy group which owns

The Government stipulated several conditions for the joint venture with Montedison, including a pledge that ENI and Montedison maintain shareholding parity for at least three years, that the new unified chemicals company will develop activities rather than merely rationalised existing plants, and that institu-tional investors will be present

in the company.

This last condition implies that Mediobanca, the Milan merchant bank, could become shareholder of the joint chemical business. It is believed that ENI is

now awaiting a final response from Montedison on these points and that a letter of intent could be announced

within days.

Meanwhile, in Milan, Montedison said it had asked Morgan Stanley to undertake a study to evaluate options for the sale of part or all of Ausimont, the speciality and fluori-nated chemicals producer which is quoted on the New York Stock Exchange.

Alice Rawsthorn looks at a US sports shoe maker's changing strategy

# Reebok takes steps to widen its base

fitness fanatics flocked to hear Jane Fonda lookalikes shout "Stretch!" in aerobics classes across the US that a sports shoe company called Reebok first

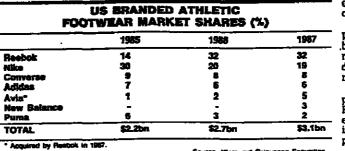
came to the fore.
Today Reebok International claims almost a third of the \$3.1bn athletic footwear market in the US and is growing rapidly overseas. Reebok's success in transforming sports shoes into fashionable footwear has catalysed a surge in sales from \$13m to \$1.4bn and in income from \$667,000 to \$165m in the past five

But Reebok has a problem. There is little scope for further growth within its original niche pany needs to nurture new markets in order to maintain momen-

"We have to look at the world in a realistic way," said Mr Joseph LaBonte, president and chief operating officer. "We have experienced spectacular growth from one line of product, but that growth cannot continue forever. In the long term we must broaden the base of our busi-

Industries of the UK holds a 32 per cent stake, traces its origins to the English footwear industry in the 1880s, when the original running shoe was made in Lancashire. The Reebok name was introduced 30 years ago, but it is only since 1979 – when Mr Paul Fireman, a US businessman ( now chairman) bought the rights US - chiefly because of the logisto the brand in the US - that it tical problems of marketing and

The secret of Reebok's success bok doubled the number of shoes made overseas sourcing more



in its early days, according to Mr sold overseas last year to 7.8m LaBonte, was that it "analysed pairs. what consumers wanted from their sports shoes at a time when

other manufacturers were run by sports jocks, who made the sort of shoes they liked themselves." This approach enabled Reebok to identify a new niche: for styl-ish shoes made from soft leather for the young womenbeing swept up in the aerobics boom.

In the mid-1980s Reebok - realising that the boom would not last forever - began to introduce new types of sports shoes. It now leads the tennis and fitness sectors, is thriving in basketball and is diversifying into cycling, vol-leyball and golf. Aerobics shoes now account for less than a third

Similarly it sports encouraging growth in its efforts to nurture new markets outside North America, Mr LaBonte accepts that progress in other countries is likely to be slower than in the distribution. Nevertheless, Rec-

By contrast, its progress in sports clothing has been disappointing. The company first ventured into clothing two years ago but, by its own admission, the merchandise was misdirected. Its strategy for clothing, which made a loss last year, is now being

Yet the core US sports shoe business is now coming under pressure. One problem is that the group has been forced to find new sources of production following political unrest in South Korea, the chief manufacturing centre, last autumn. Reebok plans to maintain the volume of production from its South Korean suppliers - which have signed three-year dedicated production agreements — but is increasing its input from Taiwan, China and

Indonesia Another problem is that Reebok's margins are weakening.
There are three factors behind
this the rise in the leather price;
the fall in the dollar which has

expensive; and rising labour costs in South Korea. Moreover Nike, the chief competitor in North America, has become much more aggressive in recent months. By contrast Adidas and Puma, the West German

manufacturers, are still faltering. All in all the impact of these problems should be modest. Kleinwort Grieveson Securities expects 17 per cent growth in net income to \$193m, on sales up 22 per cent to \$1.7bn, this year.

Moreover Reebok now hopes to benefit from its recent acquisi-tions: Rockport, a walking-shoe manufacturer: Avia. which makes high performance sports shoes; and the Ellesse sportswear business in North America. Initially it had planned to buy Ellesse worldwide, but decided that its senior management team was not large enough to cope with an international network, so settled for North America.

At first Wall Street complained that Reebok had paid too much for these businesses, although analysis are now better disposed they seem like shrewd acquisitions which have seen strong sales growth since Reebok stepped in," said Mr Noel Sloan, an analyst with Kleinwort in

Acquisitions are still at the top of Reebok's agenda, although it is now looking towards clothing and the wider leisure areno rather than to sports shoes. As Mr LaBonte put it: "We are pared to take a chance if necessary. No one could accuse this company of analysis paralysis."

# UK furniture group stalked by mystery consortium

carpets and home furnishings retailer, is an unspecified consor-tium which would launch a leverage bid - that is, one financed by bank loans.

Queensway, the UK furniture, Exchange yesterday. carpets and home furnishings The group said that although discussions were continuing, the outcome was unlikely to be

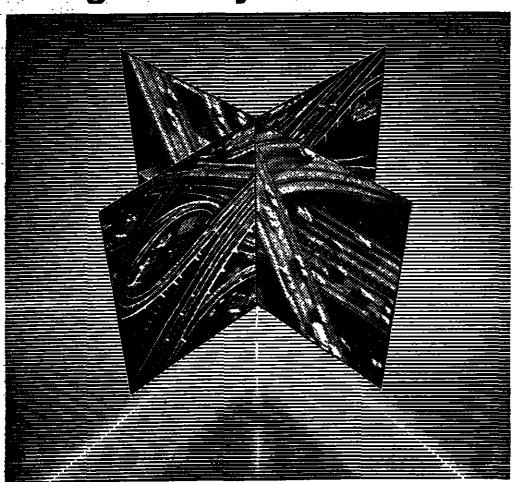
known for aboutanother four

THE MYSTERY suitor for Harris Harris to the London Stock May 5, when it unveiled a plunge higher to 171p. in pre-tax profits for the 12 In the absence of further news months to end-January, from they have since fallen back, and £43.4m to £16.8m (\$30m),exclu- yesterday gained only 3p to 148p.

ding property profits.

The figures were far worse than the City of London had expected, but news of the bid 234 per cent of the company's These were the scant facts con-tained in an announcement from Exchange of a bid approach on approach pushed the shares 46p shares

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#### INTL. COMPANIES AND FINANCE

Andrew Fisher looks at an industry facing a less certain future

# German car makers face rough ride

chairman of BMW, at the company's annual press conference.
But he emphasised that it was
still at a high level.

My the the condrain by closing its plant in
Permaylvania.
But in Mr Lawson's view, VW's
high cost base makes it "one of

Last year, German car output the most poorly placed volume rose by 1.5 per cent to a record manufacturers in Europe." The 4.37m units. But this year, the new Passat model at the upper boom is definitely fading. According to analysts at Bayerische have a wider appeal than its preHypotheken-und Wechsel-Bank, decessor. It has been well
production in Germany should received in the market. On the
drop by 5 per cent, with a further negative side, VW's Audi subsiddrop by 5 per cent, with a further decline in 1989. Mr Edzard Reuter, chairman of Daimler-Benz, spoke of "the realistic possibil-

costs. Volkswagen is shedding unchanged group earnings of 3,000 people through natural DMS7 a share, analysts generally wastage this year. Well aware of the growing European competition from lower-cost countries because Branch like France and Italy – Fiat has analyst at Metzler, the Frankfurt just launched the Tipo, not yet bank. "VW is managing to comon sale in Germany, to rival the bat its losses as the car cycle is popular medium-sized Golf – Mr. worsening," she notes. "It is also Carl Hahn, VW's chairman, said more cost-conscious than in the VW's progress was still not satisfactory when compared with competitors. "We shall, therefore, it was still taking on people."

The closure of the US plant in increase our efforts to achieve a July will stem operating losses reduction in costs."

The closure of the US plant in increase our efforts to achieve a July will stem operating losses there of some DM200m (\$118m) a

Tipo will compete stiffly with Also, she notes, VW is in a strong VW's Golf. "Fiat has put a lot of financial position. Its reserves muscle behind it. They need it to be successful if they are to break out of the Italian market itself." which hit its 1986 result.

AS THE prolonged surge in European car sales tails off, West German car makers are pondering several vital questions. How strong will demand be over the next few years? Have their costs where it owns too high? And what will happen if Japanese car sales to 1968 with a 6 per cent rise in Europe are restricted after 1992?

On the first point, there is general agreement that 1968 holds first-quarter profits. In Spain, less overall promise for the industry. "After several years of steady growth, the peak of to black, its South American demand has been reached," said losses fell last year, and it is action. The several years of the peak of to black, its South American demand has been reached," said losses fell last year, and it is action. The peak of the pea

iary is still suffering from its image problem in the US, caused by allegations of sudden acceleraity" that both domestic and tion on its big automatic models, export sales would go down.

Against this more sombre German market are selling well.

All-in-all, VW presents a mixed ers are striving hard to reduce picture. After two years of

Mr John Lawson, European year, while Seat in Spain should motors analyst with Nomura show a swing of some DM:100m in Research in London, reckons the 1988 to a profit of around DM:00m.

Registrations in W. Germany 1984 85 86 87 88 89

But as sales growth tails off, the competition at the luxury end of Daimler's prospects. There is a the market is becoming more intriguing. While Daimler is to f product action." Daimler has talking of curbing output and of product action." Daimler has talking of curbing output and indicated that a new sports car VW of reducing employment, will be out in 1989, followed by BMW is doing neither. Instead, it the next generation S-class. A sims to take on at least 2,000 facelift for the 190 is also more people this year and to raise production by around 4 per contributions.

"BMW is in a very good posi-tion," feels Mr Stephen Reitman, motors analyst at UK stockbro-ker Phillips and Drew. "It is going into more difficult circumstances, in the US and elsewhere, with a very strong product accounting for about 15 per cent range." Having brought in its of sales. The concern is that if range.— Having brought in its of sales. The concern is that if new 7-series at the top of its barriers are set up, in line with range late in 1966, BMW recently launched its new mid-range 5-series. Both have turned drivers' heads, putting strong pressure on Daimler, whose new luxury cost Germany. Mr Reuter warned S-class generation will not smerge until 1990

emerge until 1990.

By then, BMW will have the new version of its smaller 3-series

on the market. Its present 3-se-ries models are benefiting from what Mr Reitman calls the "halo effect" caused by the success of its latest larger models. After a drop in group earnings per share from DM54 to DM43 last year, he estimates a rise in 1988 to DM48 from DM54 to DM48 last year, lestimates a rise in 1988 to DM48 and to DM50 in 1969.

There is no doubt that Daimler has been shaken by the success.

of the new BMWs, coming at a time of slackening overall sales and in the throes of its diversification programme after buying AEG electronics, MTU engines, and Desire accommon. Telming. and pornier aerospace. Dainler's truck division is picking up, but some analysts recken this is not enough to offset problems on the car side, where its smaller Mercedes 190 models have also come cedes 190 models have also come under pressure, not least from

For the first time in 17 years, group earnings per share fell in 1987 to DM66.55 from DM72.90. Mr While industry sales will be down this year, Mrs Braun-Reiber sees bigger problems in 1989. Reiman foresees a further drop
A second year of declining output to around DM60 in 1988 and DM55
will put them all under strain.
But as sales growth tails off, the Lawson is more positive about competition at the luxury end of Damier's prospects. There is a

DM68 a share. Like the rest of the industry, Daimler is concerned about what will happen as Europe moves towards a fully common market in 1992. Germany's car market is open to all, with Japan now the EC to erect external barriers. "Protectionism," he asserted, "breeds excess capacities."

# Dynastic holdings control Belgian bourse

ment banker, Dillon Read. In the

of shareholder and board links

Lego builds

world sales By Hillary Barnes

LEGO, the Danish toy company famous for its plastic building

kits, said worldwide sales increased by 10 per cent last year, including a 25 per cent increase in sales in the US. Total sales of products to consumers

increased by 12 per cent. No con-solidated group accounts are pub-lished but sales by Lego A/S which includes the main Danish operation, the overseas sales

company, and the Korean com-pany, but excludes the US, Swiss

and German manufacturing units, were virtually unchanged.

Pre-tax profits fell to DKr200m. The Lego group, which is family owned and not listed on any

stock market, has a total labour

at DKr2.37bp.

THE WAY in which dynastic tive shortage of new stock which, holdings directly control large in turn, is one of the factors. This year's total of BF2.5bn until the extraordinarily incestnous chunks of Belgium's corporate behind the consistently good persector is vividly illustrated in a formance of the Belgian stock per cent of the market's value, a study from the London investment," he says, figure well below the European com, in each case about 50 to 60

ment banker, Dillom Read. In the wake of the Societé Générale de Belgique bid drama it makes fascinating reading.

The firm - 50 per cent owned by Dillon, Read, the New York investment bank, and 50 per cent by Societé Générale de Belgique claims that up to now no one has cumpt together a detailed analysis

Scotney points out that a number of supply and ber of factors have contributed to the imbalance of supply and on the Brussels bourse.

Among the companies with significant family holdings are the supermarket groups, GB-Inno-BM some of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful per cent by law hold stakes in industrial and commercial companies, commercial companies, of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces of the differences between can't, both the subject of hopeful provinces. The firm - 50 per cent owned by commendation on the Brussels bourse.

Over the last few years, he says, commendation in recent weeks; and the other companies are the companies of the differences between can't, both the subject of hopeful per cent by law hold stakes in industrial and commercial commencial commercial commencial com

vac) and UCB (25 per cent); holding companies are obliged by Bekaszt (around 50 per cent); and the Belgian Banking Commission

per cent of the directors have

between the major quoted companies in what traditionally has been a highly secretive market.

According to Dillon's Mr Sebastian Scotney, the exercise is of more than passing academic interest. "We believe that the high priority attached to shareholder control disappeara," he explains. But adds that in 1965 and 1967 new share issues as a percentage of the total capitalisaholder control has led to a relationship.

1987

Financial Highlights

Norway's largest industrial enterprises.

services as well as property development.

and of Castle Cement in the UK.

munity - and the world.

NOK 474 million

group's activities.

achieved --

In 1987 two companies joined forces to form one of

In their first year Aker and Norcem together

\* a 17% increase in income (after financial items) to

\* a 20% increase in earnings per share to NOK 10.61

During the year, the group continued to expand in its principal areas of business which include the production of cement and heavy building materials, civil engineering and construction, offshore construction and

The merger with Norema, Scandinavia's largest

In 1988 the group has continued to focus on a

Now, with a new name, Aker a.s is going from

Diversity of operations — Unity of purpose Aker a.s., PO Box 1423 - Vika, 0115 Oslo 1, Norway.

producer of furnishings and fittings, and the acquisition

of Norwegian Contractors, a world leader in offshore concrete structures, are important developments in the

greater international involvement in the cement and con-

crete industry by joint venture acquisitions in the USA

strength to strength in Norway, the European Com-

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Luxembourg

A\$ 50,000,000 121/2% Notes of 1988/1991

Issue Price: 101%% - interest: 12½% p.a., payable zenusity in arrears on May 24 - Final Maturity: May 24, 1991 - Denomination:
A\$ 1,000 and A\$ 10,000 - Negative Pledge - Listing: Luxembourg Stock Exchange

Landesbank Rheinland-Pfalz – Girozentrale –

ANZ Merchant Bank Limited Bank in Liechtenstein (Frankfurt) GmbH Barclays de Zoete Wedd Limited Baverische Vereinsbank Aktiengesellschaft Commerzbank Aktiengeselischaft Daiwa Europe Limited **Hambros Bank Limited** Landesbank Schleswig-Holstein Girozentrale Morgan Stanley International Société Générale

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Westpac Banking Corporation

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ng Rate Subordinate pital Notes due 1994

the Notes, notice is hereby given that the Rate of Interest for the Interest Period 23rd May 1988 to 23rd August 1988 has been fixed at 7½ per cent per annum. The Coupon Amounts will be 198, 19 for the 5 and deposite the period of the Period State of the Period Stat pon Amoun 25,000 deno 15,000 denomination and 1981.90 for the 250,000 denomination and selfthe £50,000 denomination and will be payable on 23rd August 1986 against surrender of Coupon No 15.

Manufacturers Hanover Limited ( a Member of the Securities Association) Agent Bank

Halifax Building Society

Floating Rate Loan Notes 1996 For the three month period from 23rd May, 1988 to 23rd August, 1988 the Notes will bear interest as the race of 71% per cent. per am The Coupon amounts will be £98.19 per £5,000 Note and 1981.90 per £50,000 Note, psyable on 23rd Angust, 1988.

& Co. Limited

**Barlow Rand** 

(Incorporated in the Republic of South Africa) (Flog. No. 02/90095/98)

interim results for the six months to 31 March 1988

- \* Strong growth by industry and food sectors
- \* Earnings per share grow by 31%
- \* Interim dividend raised by 30%

31 M	arch		Year ended 30 Sept		
1986 Am	1987 Rm	Change %	1987 Rm		
9,899.6	8,077.3	. 23	16/14.6		
894.3	686.7	- 30	1,428.2		
862.3	638.4	35	1,357.0		
562.8	422.2	. 33	935.6		
573.1	434.8	32	960.7		
172.3 39.0	131.6 30.0	31 30	299.8 100.0		
	31 M 1985 Rm 9,899.6 894.3 882.3 562.8 573.1	Firm Rm 9,896,6 8,077,3 894,3 686,7 862,3 638,4 562,8 422,2 573,1 434,8 172,3 131,6	31 March 1988 1987 Change Rm Rm % 9,899.6 8,077.3 23 894.3 696.7 30 882.3 638.4 35 562.8 422.2 33 573.1 434.6 32 172.3 131.6 31		

The above results have been prepared in accordance with the partial method of accounting for ferred taxation. Comparative figures for 1987 have been restated accordingly. **Prospects** 

Trading activity is expected to continue at current levels in the second half and this, together with a stronger performance expected from mining and mineral beneficiation, should result in sustained earnings growth for the full year.

The interior report will be posted to shareholders on or about 1 June 1988. Additional copies will be available from The Registrar, Lloyds Bank PLC, Goring-by-Sea, Worthing, West Sussex BN12 8DA. Tel. (0903) 502541.

#### U.S. \$150,000,000

S.G. Warburg Securities

#### Chemical **New York Corporation**

Floating Rate Subordinated Notes Due 1996

Interest Accrual Period

26th February 1988 26th May 1988 (inclusive)

Interest Amount per U.S. \$10,000 Note due

6th June 1988 U.S. \$177.40

Credit Suisse First Boston Limited Agent Bank

U.S. \$50,000,000

BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA

Floating Rate **Certificates of Deposit** Notice is hereby given that the Bank has opted to prepay the Certificates on the Interest Payment Date falling in June 1986 (i.e. 24.5.88) in accordance with Faragraphs 3 and 6 thereof. By: Tim Chase Manhattan Bank, N.A. Agent Bank

May 24, 1988

0

February 2015
For the interest period 2ard May, 1988 to 23rd August, 1988 the Class A Notes will bear interest at 8.0373% per annum. Interest payable on 23rd August, 1988 will amount to £2,020.36 per £100,000

The Class B Notes will bear interest at 9.0375% per annum. Interest at 9.0375% per annum. Interest payable on 23rd August, 1988 will amount to £318,040.98 per £14,000,000 principal amount.

Agent Beak;

Morgan Charanty Trant n Cuiranty Trust my of New York Landon

HMC MORTGAGE

NOTES 2 PLC £175,000,000

Class A

£14,000,000

Class B

Mortgage Backed Floating Rate Notes

February 2015

Morgan Gree

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Maggie Ford on a possible beneficiary of the East-West political thaw

# Soviet link could boost Jindo

secret between countries which profess to be bitter enemies, few diversifying in the 1980s into fur effect, although largely in the UK orean their involvement.

Second during the Korean War, sations have had some noticeable diversifying in the 1980s into fur effect, although largely in the UK converged on the dollar denominated converged on the dollar denominated converged on the Corea and aluminium containers.

For one thing, where countries

For one thing, where countries

For several years it controlled

Stock Exchange last year, have no diplomatic relations, the UK's Panther specialised car although a controlling stake is publicity is likely to be bad for maker and one brother still owns

The difference of the korea of business. But times appear to be changing, especially in the Soviet Union and China, where eco-nomic necessity is inspiring polit-

One unlikely beneficiary may be the South Korean fur manufacturer, Jindo, a small company which has identified a niche in the world market which it aims to dominate – demand for high company-owned shops abroad, quality, competitively priced fur many of them duty free and garments. A connection with the Soviet Union could help the com-

pany reach its goal

Both the company and the
South Korean Government refuse
to discuss "highly sensitive"
recent reports of a planned joint
venture between Jinds and the
Soviet Ministry of Light Industry,
but the idea is believed to have
reached the stage of an exchange
of letters of intent.

Analysts believe the plan,
under which Jindo would provide
expertise in the manufacture of pany reach its goal.

Trus (then in it is i

Feel of the later concerned about 1 na s. Europe po fully comme to the concern is the set up, he had been promised in Franch in Franch in the Mr. Herman in the

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ch 1988

Mari andie Sil Sept S

expertise in the manufacture of furs both for export and for the Soviet domestic market in a 50-50 joint venture, makes sense for

Jindo was founded by a North

in sales to Y387.8bn.

especially newsprint and wrap-

strong yen, which pushed down the cost of imported raw materials by about Y7.6hn. Net income

de la traca de la compansión de

a 20 per cent stake in Panther. But the far business offers the clearest route to expansion for Jindo, not least because the world business remains free of large dominant companies. The company operates without mid-dle men, buying petts, manufac-turing the garments, and then selling them mainly through 44

Widening the appeal of fur

Two London branches, in Old Bond Street and Brompton Road, will feature the \$2,000 mink coat (2995 in London), mainly designed for US and Japanese tourists. To widen the appeal of fur to younger professional women, Jindo recently acquired design help from Yves Saint Laurent, the French coutourier.

Affluent young women are not always drawn to furs which often have too matronly an image. Jindo believes it can expand in this market with more up-to-date

The company blamed the

with steady gains in photo-graphic film and cameras, includ-

With a higher tax charge, net

profit was 10.5 per cent down at Y29.8tm. For the full year, Fuji

Oji Paper profit up 27%

PRE-TAX profits of Oji Paper, tionally this year to Y16bn.

Japan's largest paper maker,

Fuji Photo Film, Japan's domjumped by 27.1 per cent to
inant photographic film maker,

Y31.9bn (\$255.5m) in the year to
March on a 6.7 per cent increase
interim pre-tax profits to Y62.5bn.

The company blamed the

The company said the sales strength of the yen, which hit increase was modest because of export margins, and fierce com-

price declines, but it masked a petition in markets for magnetic

sharp increase in volume, tape, which had forced price cuts. reflecting booming domestic Sales in the period to April 20 demand for most grades of paper, were up 9.5 per cent at Y364bn.

ping papers. graphic film and camera
Oji also benefited from the ing disposable cameras.

despite fall in prices

tered net profits of 3.1bn Won (\$4.2m) on sales of W180bn in 1987, up from W2.1bn on sales of

The company has attempted to raise funds via a number of instruments, including preferred stock issues and warrants, and is ture would not only secure sup-highly leveraged, like most Kor-ean companies. Analysts point tually give access to perhaps the out that it faces difficulties with world's higgest potential market, highly leveraged, like most korphies of the best skins, but evenean companies. Analysts point
out that it faces difficulties with
currency fluctuations, selling in
dollars which have depreciated
against the Won, and buying
skins at agetions mainly denominated in D-Marks, which have
costs, currency arrangements

shown an appreciation.

"The business is very seasonal," said one analyst. "It also operates on slim margins, so a labour dispute could easily cripple the company." Jindo had only a brief dispute during last year's the idea of adding value to their exports of mink and fox fur nationwide strikes and recently settled without industrial action clearly appeals in the age of econon a 20 per cent rise, bringing the average wage to around W250,000 mutual benefits can be translated a month for the mainly female employees in the fur division.

Prospects for an increase in find itself growing faster than its founder ever imagined. Prospects for an increase in find itself growing faster than its market share for Jindo are good founder ever imagined.

Manufactures

CRA, the Australian resources group, has reduced its stake in Metal Manufactures, a diversified

cable maker, to just over 20 per cent from 29 per cent by selling 17m shares to local institutions,

Reuter reports from Melbourne.

CRA said it sold the shares at

A\$2.55 each, 20 cents below the

market price, for a total of A\$43.35m (US\$33.9m) and a profit

of about A\$32m.

IN THE shadowy world of Rastwest business, where billions of Pyongyang and later became a acknowledges that campaigns led dollars worth of deals are done in secret between countries which profess to be bitter enemies, few diversifying in the 1980s into fur effect, although largely in the UK converged on the dollar denominator of the UK converged on the UK converged on the dollar denominator of the UK converged on the dollar denominator of the UK converged on 
Long-term

opportunity

But for the long term the Soviet venture, and possible col-labaration with China, offer an W45bn. Estimates this year sug-gest an increase to net profits of already the largest single buyer between W5bn and W6bn on at the Leningrad fur auctions. according to Mr Y.D. Kim, its president, with purchases worth \$15m last year.

Analysts say that the new ven-

exports of mink and fox fur



Jindo's branch in Old Bond Street, London

#### Komatsu sees modest turnround CRA cuts stake in Metal

BY IAN RODGER IN TOKYO

KOMATSU of Japan, the world's year to next March compared in the domestic market. Pre-tax of the high yen on its exports, changing its year-end.

Net sales in the period were of the group's new factories in will reach Y19bn (\$152.2m) in the Y129.9bn, of which Y77.7bn were the US and the UK.

second largest construction with YISbn in its last full year to profit was Y4.5bn and net income equipment maker, expects a mod- December 1987.

est turnround in profit in the cur. The forecast was published The company said demand for est turnround in profit in the curest turnround in profit in the current year after five years of falls. with a report of the company's
The company, whose profits results in the three months to
have been hit hard by the impact March this year. Komatsu is and steady abroad. Exports of

# **Strong recovery by Omron Tateisi**

BY STEFAN WAGSTYL IN TOKYO

Metal Manufactures is 55 per cent-owned by BICC of the UK. CRA, which has been a Metal Manufactures shareholder for posted a 117 per cent jump in unprofitable product lines. The group forecasts sales of annual pre-tax profits to Y15.6bn Sales rose 12.2 per cent to Y302bn in the current year, push-from a downturn in the industry. Japanese domestic demand for higher than the record Y18bn Profits in the year to March control equipment for factory achieved in 1982. many years, said it wanted to release funds tied up in a non-

OMRON TATEISI Electronics, showed the positive impact of a machinery and for electronic Japan's leading maker of electronic control components, has which concentrated on scrapping point-of-sale devices.

# **Barlow Rand lifts** first-half earnings

Mr Warren Clewlow, the chief R290.9m. for the remainder of the financial year and forecasts improved performances by the mining side.

profits before investment income and interest and tax payments Box South Africa; Tiger Cats is rose to R894m from R687m and bidding for half of Langeberg the pre-tax profit increased to Foods; and Adcock-ingram is

hint by poorer export markets ting the sale of packaging and and prices. On the other hand, security printing interests in the subsidiaries serving consumer US and recently bought Melles markets have registered strong Griot, an American manufacturer

trading and profit advances.

Mr Clewlow does not believe

BARLOW RAND, South Africa's C.G. Smith, Barlow's food, biggest industrial group, bene-fited in the half-year to March enjoyed increased demand in the from strong growth in virtually six months but cautioned that all its operations outside the growth could slow during the secresources sector, enabling it to ond half. Turnover increased to offset poorer performances in R4.82bn from R4.10bn and pre-tax profit was R404m against

In South Africa, the Barlow executive, expects trading activity to continue at present levels group has continued to acquire new businesses. At present it is bidding for a 45 per cent interest in French Bank, the local subsid-Turnover rose to R9.9bn lary of Banque Indosuez; the (\$4.46bn) from R8.08bn, operating Nampak subsidiary is bidding for the minority interests in Metal

The group's gold mines have pharmaceutical interests.

The group's gold mines have pharmaceutical interests.

The British-based J. Bibby & Costs and flat rand gold prices

Sons, the principal operating arm while the collieries have been outside South Africa, is negotia-

of lasers and electro-optics. Barlow's net earnings rose to this recovery will abort following 172.3 cents a share from 131.6 the recent introduction of higher cents and the interim dividend

#### Interim rise at Dorbyl

BY OUR JOHANNESBURG CORRESPONDENT

INCREASED ACTIVITY in the remains poor. However, the light engineering and trading sec-tors counteracted poor demand in reduced spending, as has the post the heavy engineering sector at office. Economists are concerned Dorbyl, the South African engithat further credit curbs and neering group, in the six months interest rate increases impleo March. mented by the Reserve Bank car-Interim turnover was lifted to lier this month could nip in the

R922m (\$415.2m) from R784m, bud any upturn in the private trading profit before tax and sector fixed investment cycle. interest rose to R47.2m from Interim net earnings at Dorbyl R34.5m, and the pre-tax profit have increased to 76.9 cents a

was R36.4m against R24.2m. share from 48.1 cents and the div-The directors do not specify idend has been raised to 19 cents why heavy engineering demand from 16 cents.

#### Columbia First

U.S. \$150,000,000 Collateralized Floating Rate Notes

due November 1996 For the interest period 20th May, 1988 to 21st November, 1988 the

Notes will carry a rate of interest of 711/16% per annum, with an interest amount of U.S. \$4,014.76 per U.S. \$100,000 Note.

Agent Bank

#### was Y15.7tm or Y27.1 per share, forecast a 0.5 per cent increase in up 28 per cent. The company said pre-tax profits to Y128bn on sales net profit would rise only frac of Y725bn, up 6.6 per cent. core business but planned to retain 20 per cent so it could equity-account the holding.

#### **Reuters Limited**

£200,000,000

**Multiple Option Facility** 

S.G. Warburg & Co. Ltd.

Lead Managers

Bank of Scotland

Banque Nationale de Paris Deutsche Bank Aktiengesellschaft The Dai-Ichi Kangyo Bank, Limited

Swiss Bank Corporation

Citibenk, N.A. The Mitsubishi Bank, Limited Den Danske Bank

National Bank of Abu Dhabi

The Mitsui Bank, Limited The Royal Bank of Canada

The Sumitomo Bank, Limited Amsterdam-Rotterdam Bank N.V.

The Toyo Trust and Banking Company, Limited Banque Belge Limited

Additional Tender Panel Members

Arab Bank Limited Banco di Napoli

Banca Nazionale del Lavoro The Bank of New York

**Bankers Trust Company** 

Chemical Bank

Credito Italiano The First National Bank of Chicago **Credit Suisse** Morgan Guaranty Trust Company of New York

Société Générale



#### The Royal Bank of Scotland Group pic

Private placement of

U.S.\$200,000,000 Floating Rate Notes 1998

Arranged by

S.G. Warburg Securities

The Swedish financier has radically changed the shape of his empire. Sara Webb reports

# Erik Penser decides to shuffle the pack

MR ERIK PENSER, the publicity-shy Swedish financier who is sometimes nicknamed the Greta Garbo of the business world and even at times described as "actively silent," is the kind of man who can spark off a furious debate among Swedish politicians without even opening his mouth.

Take for example his recent agreement to sell Carnegie Fondkommission, Sweden's leading brokerage, to PKbanken, the state-controlled bank, for SKr2.7bm (\$456m).

It was the second major deal Mr Penser had pulled off in the space of a month – the first was to sell another part, the retailing and wholesale business of D. Carnegie for SKr3.5bn to Axel Johnson, the trading group owned by Mrs Antonia Axson Johnson. inevitably, the two deals have

fuelled speculation that Mr Penser has more ambitious plans in store for his empire and that he may either seek to further tighten his control over D. Carne-gie (which now consists of a per cent. are portfolio and real estate interests), Asken (the investment company) or Nobel Industries (the armaments and chemicals group), or else start to build up takes in other Swedish companies through his holding com-

pany, Yggdrasil. However, in a recent interview with Veckans Affaerer, the Swed-ish business weekly magazine, ser as the fifth richest Swede, Mr Penser said that his priority was to build up Nobel Industries. The fact that he is a tax exile—

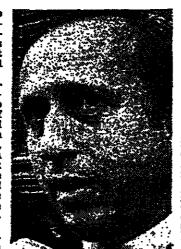
Sweden," he said. "There are two ways of doing that — by investment or by buying other companies. Last year, Nobel Industries invested SKrlbn and we bought 15 companies with a combined transfer of the state of the turnover of about SKr5bn."
Although described unanimously by his friends and busi-

ness associates as a man with no enemies and a charming, if reserved manner, Mr Penser still manages to excite a certain amount of resentment in Sweden, where the Government's decision to allow the state-controlled bank to buy Carnegie's brokerage activities sparked off a furore and drew sharp criticism from the unions and from within the ranks of the ruling Social Democratic Party. ms for this are numer-

The reasons for this are numerous: first it gave Mr Penser's company, D. Carnegie, a 20 per cent stake in PKbanken, making him - temporarily at least - the second largest shareholder after the state, which has now reduced its stake from 85 per cent to 65

Although Mr Penser is expected to sell most of the shares in PKbanken, many of those in the labour movement see it as "immoral and unethical" for the Government to pull off a deal with one of the country's leading

capitalists.
A recent magazine survey By 1990, Nobel Industries will he moved to the UK in 1976 and



Krik Penser: "not one of the ego boys"

from politicians, as does the fact that he controls Bofors, the Swedish arms group currently under investigation for arms smuggling to the Middle East.
Mr Penser started to buy
shares in Bofors during the seventies and in 1984, after he had built up a controlling stake in Bofors, he merged it with Kema-Nobel, the Wallenberg chemicals company, to form the Nobel Industries group. Penser could see that Bofors was limited by the small and variable export market for arms and that there

shie that I could go into a com-pletely new (business) area, but first and foremost I want to develop Nobel. I have great hope for the chemicals operations and

On a personal level, Mr Penser is widely respected in Sweden's business circles. He is modest and in the words of one close associate, "is not one of the ego

Mr Penser started off at the brokerage division of Handels-banken in Malmö after dropping banken in Maimo after dropping out of law studies at Lind University, then moved to the brokerage, Haeggloef, and afterwards to Langenskioeld (which later became Carnegie).

His empire has been built up by buying shares and then using them as collateral to borrow heavily in order to buy still more shares. "Penser is the sort of perspares."

shares. "Penser is the sort of person who can live with debt. He can still sleep soundly even with 80 per cent leverage," says one

For PKhanken, Mr Penser's latest move is an expensive one: many analysis believe that Car-negie Fondkommission was only worth SKr1.2bn - 1.5bn. However,

expanding into the chemicals business.

Mr Penser does not appear to consider turning his attention to the markets outside Sweden Mr Penser is credited with when it comes to making major making a shrewd move by selling acquisitions. "My base will Carnegie Fondkommission. Comacquisitions. "My pase will carriegie rotational control always be Sweden. It is the marmission and fee revenues were ket I know and where I have virtually unchanged last year, at most of my contacts," he told SKr239m, and many brokers Veckans Affaerer. "It is very posdoubt whether such revenues can

increase markedly in 1988.
For PKhanken, however, the acquisition is crucial if it is to meet competition on the broker-age side from Skandinaviska Enskilda Banken and the Gota group.
Although the Government has

over the last few months been bowing to pressure from the labour movement ahead of the September general election to curb the rapid expansion of the financial markets (it recently announced plans to introduce a turnover tax for the money mar-ket and options markets, and to clamp down on corporate liquidity by forcing companies to deposit funds with the central bank), Mr Kjell-Olof Feldt, the Finance Minister, at least believes that PKbanken should be run as an independent com-

And when journalists at the union-controlled newspaper, Aftonbladet, took Mr Feldt to task for dealing with such a tax exile as Mr Penser, the Finance Minister was quick to point out that most of those present were equally at fault for buying their "By 1990, Nobel Industries will he moved to the UK in 1976 and was synergy between the two be one of the five largest and then to Belgium in 1986 – makes companies on the explosives side. The bank is determined to take a IKEA, whose Swedish founder most profitable companies in him an easy target for criticism. It also provided the means of more aggressive line and knew it now resides in Switzerland.

# Flood of Japanese equity warrant deals expected

THE EUROBOND market is bracking itself for a flood of new Japaing itself for a flood of new Japain continental Europe.

A total of about \$1.50n in new market.

bonds is slated for this week. The With an estimated \$50n of new

ta i salahanga <mark>kanggaran selahan selahan sebagai kanggaran berapadan dibabapatan dibabapadan sebagai berapadan bera</mark>

The largest is expected to be a \$500m issue for Mitsubishi Heavy Industries, lead-managed by Nikko Securities Europe. Nippon Express, the transport group, is also scheduled to raise \$400m Not only will that depend on the

warrants issue through Daiwa from borrowers to cut coupons. If Europe, which has brought it to the firms give way quickly, then the Eurodollar sector of the mar-glut seems a possible conseket before, the company is expec-

as yet prohibited by the Bank of Yamaichi International, and here

without precedent, say syndicate market in recent days. Yes of the solution for the Australian ing might well have attractions changed after minimal business to UK fund managers that a dol- had been transacted, despite a man market may be at least part of the solution for the Australian company, which has a \$450m bridging loan it wants to refinance.

#### INTERNATIONAL **BONDS**

Repress, the transport group, is also scheduled to raise \$400m through Nomura International.

Not only will that depend on the maturities.

Apart from the absence of new factoring the most closely market — which fell 0.53 per cent issue activity in dollar-denominated equity warrants issue in yesterday — but on continued realistic pricing. The question nated Eurobonds — this may be partly because the swaps have partly becau

ted to raise £50m through a ster-ling equity warrants issue.

Issue terms were fixed yester-day for a \$60m issue for Shin-Japanese securities houses are

Etsu Polymer, lead-managed by

first is likely to come as early as equity warrants issues on the today, provided conditions in the cards for June, the success of this the benchmark Canada 9 per cent Tokyo stock market allow, probably a \$100m issue for Rina Motor through Yamaichi International.

The largest is expected to the cards for June, the success of this Eurobond issue, maturing in 1996, over the 8% per cent 1996 issue of the IIS covernment has issue of the US government has narrowed to as little as 10 hasis points, dealers at Kidder Peabody estimate. The Eurobond market's strength has been particularly marked in the three to six-year

anticipatory purchases by dealers, particularly following news of the establishment of Japanese trust funds to invest in US dollar

England from lead-managing the coupon was cut to 4% per to exercise itself too on what the Eurosterling issues, so Credit cent from the originally indicated highly-geared Bond Corporation will do to refinance some of its Suisse First Bostom is expected to lead-manage the issue.

Japanese equity warrants investors has been a source of suggestions that the West Gerissues in sterling are not quite much interest in the Eurodollar man market may be at least part

#### Islamic institutions given year to comply with law BY TONY WALKER IN CAIRO

RGYPT'S hard-pressed Islamic ministered fund to indemnify investment houses, which have depositors against possible losses. declared a temporary morato Dr Sedki's announcement folrium on transactions in order to lows weeks of speculation about forestall a run on deposits, will the well-being of several of the be given one year in which to larger Islamic investment institu-

tions would be given 12 months' there was "no intention whatso-notice before being forced to ever" of shaking confidence in abide by the new law which will Islamic investment houses.

ment, companies in the vast and fit of investors, the companies unregulated Egyptian non-bank themselves and the national ing finance sector will be obliged economy. to provide depositors with share

requirement that companies pubh annual halance sheets and contribute to a government-ad- thousands of Egyptians.

comply with a new law aimed at tions whose representatives are regulating their activities.

Dr Atef Sedki, the Prime Minister, said yesterday these institutes. Dr Sedki said yesterday

require the formation of properly capitalised companies.

Under the regulations, which funds of these companies were secure and were used for the bennent companies in the west and

The government is sensitive to ertificates.

Criticism that it is responsible for of their business.

Other measures will include a provoking a run on Islamic • The introduction of a money

# Financial deregulation in Korea

BY MAGGIE FORD IN SECUL

SOUTH KOREA'S Ministry of the economy has focussed conthe unauthorised injection of Finance has announced plans for cern not on capital flight but on \$600m into the money supply eara major liberalisation of the financial sector, following strong criticism from companies, brokers and the central bank.

The plans, which will be sub-ject to discussion over the next year, focus on five areas: Deregulation of interest rates, currently set by the Government. • Changes to the system of "policy loans" under which Government-controlled banks are directed to lend money to specific companies in favoured indus-

 A restructuring of financial institutions including securities firms, investment trust companies, and banks, all of which have strict controls on the scope

finance institutions, thereby jeop market and the liberalisation of compete internationally.

the Ministry of Finance, long a subject of heated political controversy, and a change in the present system of controlling money over the restructuring of the supply by the issuing of mone-tary stabilisation bonds.

The unveiling of the Govern-ment's draft plan follows increasing complaints from the financial sector in recent months over the slow pace of reform.

Pointing to the increasing com-plexity of the economy, both internally and externally, senior brokers, company officials, and central bankers argue that the level of control and the underde-velopment of the industry is retarding South Korea's ability to

excessive inflows.

The independence of the Bank helped them exploit a loophole in of Korea, the central bank, from the rules governing foreign

industry. The Government has signailed its intention to stop the large South Korean conglomerate companies from acquiring more influence, in accordance with its policy of encouraging smaller and medium-sized businesses.

The restructuring of the financial sector is likely to proceed at the same time as Government efforts to enlarge the size of the stock market before opening it to foreign investment. A total of 412 companies are now listed, compared with 356 a year ago. The composite price index, which was

# Taiwan SEC to allow more brokers

AROUND 20 companies have rities houses, could be operating eigh firms may operate joint venapplied for licences to open new by the end of the year.

The new rules set tough oralla.

The new rules set tough oralla.

Despite the stringent qualificaapplied for licences to open new by the end of the year.
trading houses and brokerages in The new rules set tou Taiwan, which for the first time fications: for instance, firms seek-

in more than two decades has ing broking or trading licences permitted an expansion of the number of its securities firms. least NT\$200m (\$7m).

Tough new regulations The rules also forbid fureign recently approved by Taiwan's securities firms from setting up SEC covering securities branch operations in Taipei to SEC covering securities branch operations in Taipei to there were seats, and an SEC offoperations could mean that an avoid presenting the less expericall said that the 20 applications for the first time integrated secuunfair competition. However, forsion had expected.

The new rules set tough quali-

tions, the lifting of the ban on new licences has drawn an. excited response from Taiwanese firms. Seminars conducted by the Government earlier this month on the securities business brought more applicants than

#### FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market, Classing prices on May 23

Classing prices on May 23

Classing an

Limit 844 defler day week Wield

55 1021, 1021, -01, -01, -01, 5.17

80 961, 962, -01, -01, 5.17

80 961, 962, -01, -01, 5.17

20 1001, 1001, -01, -01, 5.04

50 993, -993, -01, -01, 5.04

50 993, -993, -01, -01, 5.21

150 1031, 1031, -01, -01, 4.86

50 1032, 1033, -04, -01, 4.85

change. On day -01, on week -01, | St. Dellar | State | Beiglum 5½ 92... Beiglum 45 94... Canada 4½ 92... Elec. De France 5 9.67 7.535 12.13 9.45 11 Novi Bark 134 02.85

FLBATERG RATE
BRITES

Alberta 3 93.
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Britannia 5 93 £.
Britannia 5 93 £.
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Britannia 5 94 £.
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STRAKEHTS
Ackan Dev. GR. 6 94.
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Cantel BK. Tarbay 7 92.
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#### FT GUIDE TO WORLD CURRENCIES

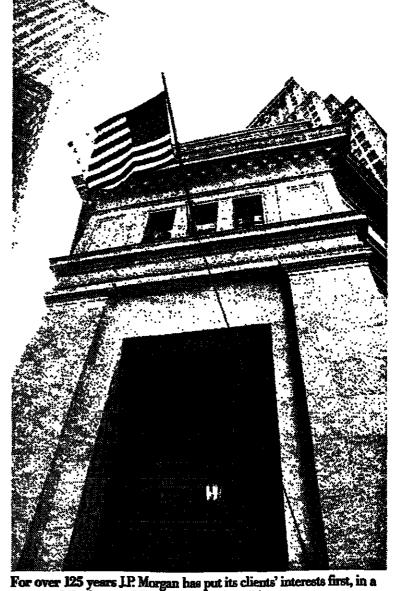
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# "J.P. Morgan is an international firm with a very important American business."

J.P. Morgan was an international firm long before the integration of world financial markets. Over the last century we have established a presence in major financial centres everywhere, building the global resources and experience multinational clients need. Today, whether we're raising capital in London or investing funds in Tokyo, trading currencies in Frankfurt or restructuring assets in New York, J.P. Morgan draws on in-depth company and industry research generated by our 120 analysts worldwide, and minute-by-minute data from Morgan market-

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# AB Foods rises 10% but hit by currency factors

and milling group, increased pre- gic stake. tax profits by 10 per cent to

Ryvita among its branded products - said volatile commodity not launch a further bid for Ber-prices and the strength of ster-ling had affected manufacturing another bidder emerges. divisions and overseas earnings.

1987-88. Such fluctuation was since last year. Total investment only to be expected from a comincome was 17 per cent higher at pany dependent on bread and £82.2m (£70.5m). The group said milling and with half its assets in the increase was marginally gilts, added Mr Weston.

Earnings per share edged up from 30.3p to 30.5p, diluted by the rights issue in January of last year, which raised £148m and rid ABF of close company status. Last year, ABF withdraw its £767m bid for S & W Berisford, sugar refiner and commodities trader, following the stock market crash. The food group still holds a 23.7 per cent stake in Berisford, which provided income of £8.611 during the year. This was some £3m less than the growth and the stock market crash. The food group still he per cent to £12.5m. Sales growth — to about £296m (£288m) — was restricted by the loss by fire of a major store in Northern freedom on the strength of the stock market control o returns available on money mar-

Berisford was a company with an improving image in which ABF value of ABF's 15.3 per cent hold-

holder, is likely to flare up again

today at the luxury hotel group's annual general meeting.

The Savoy, which takes in Claridges and the Connaught as well its flagship in the Strand, intends to call an extraordinary

meeting at which shareholders

would be asked to censure THF

for its current bout of litigation,

which aims to disenfranchise a key 5.77 per cent block of high-voting "B" shares.

printer, publisher and process

engraver, yesterday announced plans to raise about £10m

through a placing of convertible

redeemable preference shares

Associated British Foods, baking was quite happy to have a strate-

"We're not forced to make a E210.4m for the year to April 2
1988.

But Mr Garry Weston, chairman of ABF — which counts
Sunblest bread, Twinings tea and
Description of ABF and added.

Under takeover rules, ABF can-

ABF's net cash position of Profits growth slowed during about £1bn has hardly altered gilts, added Mr Weston.

He said adverse currency the gradual decline in interest effects had cut about £3m from rates during the year.

Frofits and £53m from turnover.

Sales grew from £2.2bn to division increased operating profession, an increase of 3 per cent.

Earnings per share edged up from \$0.3p to 30.5p, diluted by the Weston said a poor harvest and supermarkets baking their own bread had affected sales. In addition, fluctuating commodity prices – especially oil and flour – hit oils, fats, and canning

ket instruments, according to the company.

Mr Weston said yesterday that C39.9m (538.3m).

Savoy battle set to flare again

be put to shareholders at the EGM had not yet been finalised. It would be designed, he said, to

open up the debate about THF's

THF, which first made a bid for

Savoy in 1981, is left with 69 per cent of the equity but just 42% per cent of the votes because of a two tier voting structure infro-

Watmoughs £10m convertible placing

THE LONG-standing battle Mr Giles Shepard, Savoy man-between Savoy Hotel and Trust-house Forte, its largest share that the wording of the motion to

Watmoughs (Noidings), colour towards the continued expansion

The funds raised will go order to provide further space.



Garry Weston - fluctuation only to be expected.

ing in Dee Corporation, retail group, was taken below the line, as was the £1.1m cost of the lapsed Berisford bid. These were partially offset by the cancellation of a £47m provision for capitally of the capital tion of a £47m provision for capital tion of a £47m provision for capitally of the page extra the page extra provision for the page extra province the capital tion of the page extra province the page ex tal gains tax on the Dee stake and £4m profit on property sales. The directors declared a second

ABF shares dropped 2p to close at 274p last night.

per cent tranche - now owned by a Swiss charity, La Founda-

- is set aside, its holding will fall to 44% per cent. The shares were originally issued in 1971 when

the Savoy acquired the Hotel

to be brought to the courtroom

THF's lawsuit, though unlikely

Lancaster in Paris.

Savoy in 1981, is left with 69 per cent of the equity but just 42% per cent of the votes because of a two tier voting structure introduced by the Savoy board in 1955.

The Savoy board controls just over half the votes, but if the 5.77 to be brought to the courtroom before autumn at the very earliest, has fuelled speculation that THF is coming close to the point of renewing its bid. The "A" shares, albeit a thin market, have risen from 463p to 1075p over the last year.

of the company's web offset facil-ities. Watmoughs has now reached agreement on the pur-Watmoughs said that the cost

reached agreement on the pur-chase of a 63,000 sq ft factory and of present capital commitments more than eight acres of land in and the likely developments Wakefield, West Yorkshire in through to December 1990 will be

about £25m

#### interim dividend of 5.8p, making 7.73p (6.99p) for the year. By Andrew Hill

Vickers, manufacturer of medi-cal, defence and aerospace equipment and Rolls-Royce equipment and Rolls-Royce cars, is expanding its US printing plate operation with the purchase of imperial Metal & Chemical Company for about \$12m (£6.43m) cash.

The exact price, which includes external borrowings, will be decided by an audit at the end of the month.

Imperial, based in Philadel-

The UK company said yester-day that the acquisition would give Howson, based in Leeds, access to printing plate manu-

Howson already supplies the commercial market and can now increase its share of the US newspaper market, said

US newspapers which use Imperial plates include the agreement from the Koppers board; or an alternative financing New York Times, Washington Post, Baltimore Sun and News-

# Clay Harris takes a look at the shift of direction at Hollis Maxwell engineers a buy-out

MR ROBERT MAXWELL yester-day admitted defeat. Or so he modestly wished it to seem. Hol-lis, the diversified engineering and professional services com-pany he has controlled since 1982, would never be able to reach the "critical mass" to fulfill his dreams of a science-led engineer-

cent acceptances for its record £921m rights issue which was approved by shareholders in ing group, Mr Maxwell said. Although its market value had grown from less than 11m to more than 1100m in less than six April.

The banking group announced yesterday that shares which had not been taken up had been sold at a premium of 142p to the subscription price of 250p. The issue, which was priced at a deep discount and attracted some criticism, was not underyears, the failure to win the motor components maker AE in a fierce bid battle with T&N late in 1986 had forced him to change his

Hollis's nine engineering businesses, as well as three merchanting subsidiaries, are to be sold to a management team for \$55m in cash and the assumption of £13.8m in debt, and Hollis would keep a £51m preference and loan capital investment in the new company, part of which would convert into a 42 per cent equity stake.

The rump of Hollis – provid-

ing legal and other professional services as well as educational supplies – is to be renamed Pergamon Professional and Financial Services, giving investors in London their first opportunity for nearly two decades to trade in shares graced by the Pergamon.

interest in engineering, it had also intended for some time to sever its two disparate sectors.

Plans announced in September

to demerge the services division into a separate floated company were scuppered by the stock mar-ket crash. With Mr Maxwell still publicly committed to his engineering ambitions, the demerger made some sense.

It did not fit in, however, with

construction company, is a step

acceptances representing more than 90 per cent of the shares.



Robert Maxwell - bringing

core activities were likely. It is empire - on the growing global not clear, moreover, what, if any, plans exist for eventual flotation. importance of intellectual property rights, and access to them through databases, and other services to professionals.

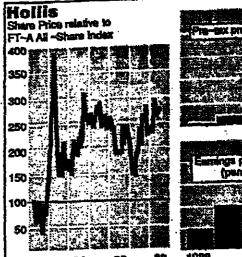
And if AE was such a turning spine with had built starmed in plans exist for eventual flotation.

It is also too early — and will probably never be fully possible — to assess Hollis's stewardship of the engineering companies because of the short time they were part of the group. The advance to £10m in operating profits on sales of £70.6m in 1987 from a more £500.000 on throover And if AE was such a turning point, why had Hollis stepped up its engineering acquisitions throughout 1987, after the bid was lost? Among its purchases last year were Ransomes & Rapier, draglines and crane management.

from a mere \$500,000 on turnover of \$3.9m in the previous year is-meaningless because of acquisi-However, the apparent shift of Systems, maker of storage-tank seals, and the outstanding minor-direction is less sudden than it appears at first. Not only will tappears at first. Not only will Hollis retain a large indirect interest in engineering it had ufacturer, Petroleum Seals & in merchaning — of printing equipment, timber and lighting — operating profits and turnover both trebled last year, but this still meant a return of only \$300,000 on sales of £43.5m. Furniture manufacturing, Hol-

"critical mass" to justify a man-agement buy-out, this does not mean that the new company will his's main pre-Maxwell business, lost £1.9m last year, against a £20,000 profit previously. Furniture was not included in yester day's deal, but Hallis plans to sell the self-business of the self-bu survive long, if at all, in its pres-It will bear a heavy burden of borrowing, especially the £55m in senior debt required to raise the

cash payment to Hollis. director who will become non-ex-ecutive chairman of the new his emphasis – expressed in ecutive chairman of the new other parts of the Maxwell company, said disposals of non-



at pesterday's annual meeting that Hollis would shortly open six additional continental offices to focus on European expansion.
The company intended to build on existing businesses such as

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on existing numbers the Solici-legal services through the Solici-tors' Law Stationery Society, trading as Oyez, and Millar & Bryce in the UK, school adminis-tration software in North Amer-ter of the Comment and indusics and government and indus-trial technical documentation

workwise.

Among the professions for which the company planned to provide services were doctors, accountants, and health, environmental and housing workers, Mr. Maxwell said. Bankers Trust, the US bank, arranged the financing of the management buy-out and will

own an 18 per cent stake in the new company. Managers hold slightly less than Hollis does. To advise Hollis on the deal, Mr Maxwell turned to Samuel Montagu. Previously, his compa-nes have tended to use Hill Sam-nel, now part of TSB, and N.M. Rothschild.

the division, piece by piece. It has already accepted in principle an offer from management at A.H. Mr Maxwell told shareholders

City Public

Relations

By Flona Thompson

tops £0.6m

### **Radio City** attracts advertisers

HE HEAVY DEMAND for air time from both national and local advertisers is reflected in the first half results from a financial public relations group specialising in serving the Lon-don needs of Australian compa-Radio City (Sound of Mersey-side), an independent local nies, reported pre-tax profits up from £457,000 to £510,000 for the

> Pre-tex profits rose substantially from 272,000 to 2308,000 in the six months to March 31 1988. and turnover improved from fillin to filesm.

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No interim dividend is again being paid by this USM com-pany. Stated earnings per 25p share were 7.73p against 2.76p The chairman said the growth in local revenue reflected not only

the continuing popularity of the radio station, but also the general signs of improvement in the Merseyside economy.

He said the board hoped to resume dividend payments in respect of the full year.

investment income and interest payable of £5,000 (£26,000 debit). There was a tax charge this time of £107,000.

#### Vickers buys **US** printing plate maker

results in August. See Lex

**Barclays** 

holders take

up 95% of

rights issue By David Lancelles, Banking Editor

Barclays has received 95 per

some criticism, was not under-written. Barclays fully paid shares closed last night at

shares closed last night at 398p, down 5p.

The completion of the rights issue removes a large overhang in the banking sector. However, Standard Chartered has already indicated its intention to make a rights issue of \$200m-\$200m after its interim results in Averest

Imperial, based in Philadel-phia, supplies aluminium plates to the US newspaper industry and the commercial

The company will join Vick-ers' subsidiary, Howson-Algra-phy, a manufacturer of lithographic plates and pre-press Vickers has also bought

Imperial's Canadian sales and distribution facility.

facture in the US.

Beazer, the housebuilding and relaxation of the legal restric-

nearer success in its long-run-ning \$1.7bn bid for Koppers, the US aggregates and chemicals There is no sign of a change of heart from the Koppers board, which has fiercely resisted the bid and a change of financing method looks unlikely, although the judge has ordered a full hear-Beazer's bid has been held up by three court cases in the US. But a judge in Pittsburgh has ruled that Beazer can consum-mate its bid if it fulfils one of ing into the details of the financing on May 31.

Beazer's best hope appears to intended to seek a quotation on lie in the 90 per cent condition; at the Unlisted Securities Market

the last count, its specially created associate, BNS, owned or had acceptances for 75.2 per cent f724,854 the previous year. About 80 per cent of turnover is from husinesses, but the three criteria; ownership or reazer is still awaiting judgment australian businesses, but the in a Californian anti-trust case company is expanding and this previously, the judge had and in a Delaware case, in which imposed a blanket interim the UK group is trying to overinjunction on the bid, so the turn Koppers "poison pill" UK businesses made a case to turn koppers "poison pill" UK businesses made a case to the conditions represent a defence.

Priest Marians £5m office sale

Pittsburgh judge relaxes

**Koppers bid restrictions** 

building at 233, Shaftesbury Avenue in London's West End to ney, advertising agency, on a 25-Mercury Property Fund. The sale price is £5m. Priest rent of £235,000.

Priest Marians, property invest- Marians said the property was ment and development company, bought in March 1987 for £3m has sold its 15,750 sq ft office and has a book value of £4m. The

USX listing

USX Corporation, the former US Steel, has been listed on the Lon-don stock market via an intro-duction. In 1987, USX reported net income of \$219m (£117.27m) on sales of \$14.8bm.

The company was founded in 1971. Mr Peter Doye, deputy chairman, said yesterday the

company would be coming to the USM within the next month.

# The pre-tax figure was after net

# GEC in \$21m AB Dick expansion move

Total last year

7.3 3.2 2.25 6.3 4.45 4.5 17.94 3.25 1.63

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

**DIVIDENDS ANNOUNCED** 

payment payment

4.25 1.94

2.55 2.45 3.7 5 1.5†

Date of

Sept 30

July 15 July 15

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue, tOn capital increased by rights and/or acquisition issues, §USM stock, §SUnquoted stock, &Third market.

**BOARD MEETINGS** 

AB Dick, the US office equipment by squirting ink using sophistitis manufacturing operations, company acquired by the General cated electronic control methods. Mr David Powell, who to company acquired by the General cated electronic control methods. Electric Company in 1979, made Videojet, which is expanding at its first significant takeover under GEC ownership yesterday.

AB Dick's subsidiary, Videojet mainly to supermarkets, but systems international, is paying recently has been shifting in the statement of the control methods. the Xerox copier company \$21m incr. (£11.25m) for Cheshire, a mailing ket. equipment group based in Illinois. Cheshire makes a variety of \$65m labellers, equipment for inserting

Gates (Frank G) ....fin Hartwell ..... Assoc Brit Foods..

Tunstall Group ....int Wheway .....int

The following companies have notified dates of board meetings or the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interime or finals and the sub-divisions shown below and based mainly on last year's limetables.

increasingly into the office mar-

Sales amounted last year to \$65m at Videojet and \$39m at products, including automatic Cheshire, but profits were much letters in envelopes, and document binding machines.

GEC said yesterday that the it will be able to add significantly in the same of the combined and the comb Cheshire business fitted well to the turnover of the combined with the Videojet product line, group by the advantages it will which is centred on non-impact gain in using the same distribuncting - equipment that prints tion channels and rationalising

over as chief executive of AB Dick in 1983 after two years of losses, said yesterday that the acquisition marked a more aggressive expansionary phase. The company had been looking for potential takeovers for some time, he said, after three years in which it had made "respectable"

Mr David Powell, who took ran into trouble in the intensely competitive US office equipment market. Mr Powell took charge and brought the company back into profit by concentrating on its roots in the offset printing

Sales amounted last year to time, he said, after three years in \$65m at Videojet and \$39m at Cheshire, but profits were much higher at the former, which made profits.

AB Dick was originally into areas such as deaktop printing, but its fastest growing activity deojet believes, however, that it will be able to add significantly to the turnover of the combined

# £50,000,000

Revolving Term Facility with Tender Panel Arranged for Tilbury Group Pic by CHARTERHOUSE BANK LIMITED Underwritten by

The Royal Bank of Scotland pic ANZ Banking Group Limited Midland Bank pic Credit Lyonneis, London Branch Additional Tender Panel Members

Charterhouse Bank Limited Banca Nazionale dei Lavoro, London Branch Baring Brothers & Co., Limited

The Dai-Ichi Kangoo Bank, Limbed Riyad Rank, Lendon Brownk TSB England & Wales pic Union Bank of Finland Ltd. London Branch

CHARITERHOUSE BANK LIMITED



International investors in commercial property Extracts from the Statement by the Chairman, Harry Axton ee I am pleased to report another year of sustained income and capital For many years I have emphasised the strength of the investment portfolio in terms of both the location of the properties and the quality of tenants and I am pleased to report that at the end of 1987 the value of the Group's investment portfolio increased to £414 million, a rise of £70 million over the previous year. The value of the current development programme exceeds £150 million. Further growth in the economy is expected in 1988 and this is likely to benefit the property industry. The outlook for industrial property is particularly encouraging and I believe that the future can be viewed with confidence.99 **HIGHLIGHTS OF 1987** ☐ 34.2% increase in net assets to The Annual General Meeting of the Company £249 million will be held in London on 22nd June 1988. ☐ 11.2% increase in net rental income to If you would like a copy of the Annual Report £,25,419,000 and Accounts 1987, complete this coupon and send it to The Secretary Brixton Estate ple, 22-24 Ely Place, London ECIN 6TQ. 22.7% increase in profit before tax to £13,204,000 ☐ Proposed final dividend of 4.80p per ordinary share making an increase of 20.0% for the year. ☐ Value of investment properties -£414 million.

#### **UK COMPANY NEWS**

#### **Adelaide** Steamship lifts CU holding

MR JOHN Spalvins, Australian investor, has increased to nearly 5.2 per cent the stake in Commercial Union, British composite insurer, which his group: Adelaide Steamship holds via a string of nominee

Adelaide Steamship first emerged as a substantial shareholder in CU last November, when the British group used its powers under section 212 of the Companies Act to force the disclosure of 19.9m of its shares held by 17 nominee companies linked to the Aus-

tralian group.
At that time, Adelaide
Steamship and associate companies held about 4.7 per cent of CU, but there has been considerable stock market speculation in the last few weeks

#### Glynwed buoyant

Mr Gareth Davies, chairman of Glynwed International, told the annual meeting that group performance in the first four months of the current year was most encouraging, with all three operating divisions enjoying buoyant trading con-ditions.

#### Cookson expands

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wii i The notes Cookson Group has acquired the capital of Congleton Plas-tic Company, a leading manu-facturer of plastic containers for the horticultural market. The existing management of the company, which will oper-ate within Cookson's ceramics and plastics division. Cookson has also agreed in

coassa: mas and agreed in principle to acquire from Coates Brothers the essets and business of its graphic prod-ucts division, based at St.

#### Simon expansion

Simon Engineering has pur-chased a 64 per cent holding in Gale Resources of Canada for C\$890,600 (£349,000).Gale is a

#### Dyson disposal

J & J Dyson is to dispose of its interest in Pickering Farm together with adjoining land but excluding all fireclays for

#### Lilleshall progress

Mr John Leek, chairman of Lil-leshall told the annual meet-ing that both turnover and profits before tax were ahead of budget for the first four-mouths of the 1988. He looked forward to reporting a sub-stantial rise in profits for the full year. A number of acquisi-tion opportunities were being tion opportunities were being researched.

#### DRG purchase

DRG has acquired the enve-lope manufacturing arm of Edwards Dunlop & Co, of Aus-tralia, for A\$1.5m (£0.6m). DRG has also acquired the business and assets of the spe-cialist stretchfilm activities of Stark-Ista, based near Stutt-gart for DM 2 5m (F7 1m). gart, for DM 3.5m (£1.1m).

Unilever is to acquire Anckland-based Abels, which has some 50 per cent of the New Zealand retail margarine market. Abels, with an annual unnover of NZ\$50m (£18m), is also a leader in the industrial market for margarine and shortenings.

#### Granada

Granada Group has acquired Healthcare Television and Telephone, a supplier of televi-aion rentals to US hospitals, for an undisclosed sam.

#### **Rural Planning**

T.D. Nevard, director of Rural Planning Services, has disposed of 10,000 shares. R.G. Williams disposed of 45,000 shares and now holds 12.63 per cent.

# Takeover no threat to Rowntree jobs says Young

day that he did not think that a Trading, who is due to report this foreign takeover of the company week. would jeopardise jobs.

at its Fruit Pastilles and Toffee at its fruit Pastilles and Toffee rationalisation measures if the Crisp factory, Lord Young said bid were to go through: "We are surprised that Lord Young Test's not get ourselves into a should make such a statement, position of thinking that it's particularly immediately ahead about jobs. If a foreign company were to buy Rowntree, I can't feel that jobs are in jeopardy. Far from it it — if anything, they'd be wanting to invest in the comwanting to invest in the com-

LORD YOUNG, Trade and Indus-try Secretary, who later this DTI officials stressed that he had week will decide whether Nes-yet to make up his mind on a tie's £2.1bn bid for Bowntree is to referral in advance of a recom-be referred to the Monopolies and mendation from Sir Gordon Borfergers Commission, said yester- rie, Director General of Fair

would jeopardise jobs.

Nevertheless, the tenor of his comment disappointed the Rown-visit to Newcastle, where Rown-tree camp, which claims that its tree employs about 1,000 people employees would suffer from

be more secure as it intends to merge its own UK confectionery wanting to invest in the com-pany."

Business into that of Rowntree, in 892p, going ex the 10½p divi-Rowntree, for its part, has let it Rowntree, for its part, has let it dend. Nestle, which now owns a le per cent stake in the York-ment will contain criticism of ment will contain criticism of based chocolate company, has month of intensive lobbying on Nestle's record as an employer in

have to be published if the bid is

Rowntree recently shut its Edinburgh factory, shedding 800 jobs, but it told its employees last week that no further closures were planned. It said that job losses in its UK workforce of 13,000 would be confined to natu-

Mr Kenneth Dixon, Rowntree chairman, said that Rowntree's annual job losses between now and 1992 were likely to fall short of its average of 900 a year since the beginning of the decade. He said that the company was enaged in "a continuing pro-gramme in pursuit of productiv-its improvement." ity improvement,"

Rowntree's shares dropped 13

were made "wholly indepen-

per cent of the textile group.

arm of Robert Fleming, one of the largest shareholders in Crowther, is today meeting Mr Trevor Barker and Mr Michael

Abrahams, respectively chairman and deputy chairman of

Crowther, to discuss the bids.

entry". Coloroll has received accep

dently

#### Thos Robinson moves to sway Crowther from Coloroll's bid

BY ALICE RAWSTHORN

THE BOARD of Thomas Robinson, which is fighting against Coloroll in a bid for John Crowther Group, met with senior Crowther executives yesterday in an attempt to persuade them to drop their support for Coloroll in favour of Robinson's counterbid.

Crowther decided to continue to support Coloroll's offer after the £226m counterbid was

making a formal recommenda-tion to shareholders. holding in Crowther to the maxi-mum of 14.9 per cent. Robinson's document was pub-

mum of 14.9 per cent.
The Panel immediately began a lished a week ago. The Crowther investigation into the reason for board is expected to make its the price increase. It now says that the price rose because of share purchases by two institu-tions and that it is satisfied these

The Takeover Panel yesterday ended its investigation into Coloroll by saying that it was satisfied there was "nothing suspicious" behind the recent rise in tances for 26.4m Crowther shares, or 22.2 per cent of its equity. This means that it now speaks for 37.2 announced three weeks ago. But Coloroll's share price. Because of it said that it would wait to see the price rise early last week, Robinson's offer document before Coloroll was able to increase its

#### Compass profits hit by interest in first half

However, a sharply increased interest charge resulted in lower re-tax profits.

Interest took £5.7m against £0.3m in the comparable period and the taxable result fell from erim to erim. Compass was created last June

Operating profits rose 40 per cent services division. Its other activities include building services and the six mentles to March 27 1988. private hospitals.

private hospitals.

The directors said the performance of the catering, security and facilities services in the UK

if the Robinson bid succeeds, Fleming's merchant banking division could emerge as a substantial shareholder in the engineerwas well ahead of last year, due ing group, because of its failure to improved buying margins and lower overheads. ing group, because of its failure to complete the sub-underwriting for Robinson's cash offer.

Mr Gerry Robinson, chief exec from a management bay-out of utive, said the interim results Grand Metropolitan's contract boded well for a future flotation.

# Control Secs. £20m deal

Control Securities has agreed to One is in Creechurch Lane in the acquire two properties for a total City, the other is on the Edgware of £20m. Consideration will be Road in the West End.

and the balance by the issue to a vendor of 27m new ordinary. shares (about 9.1 per cent of the enlarged issued share capital).

Both properties are in London.

The shares have been placed — subject to completion and listing — by Williams de Broe Hill Chaplin and Company with major institutional chemts.

#### Ansbacher agrees merger

Henry Anshacher Holdings and WS Moody Holdings have agreed, in principle, to the merger of HAH's insurance broking interests, which comprise its whollyowned subsidiary, Seascope

#### SHARE STAKES

announced during the past week included: cent) in BWL Vickers' present intention was to hold its interest Securities acquired 1.42m ordinary shares (23.43 per cent).

Securities acquired 1.62m ordinary shares (23.43 per cent).

Securities acquired 1.62m ordinary (6.23 per cent).

Hary Shares (23.43 per cent).

Barry Wehmiller Co (BWCO)

transferred 1.15m ordinary (4.9

per cent) in Barry Wehmiller
International (BWI) to Vickers in
exchange for Vickers' interest in

per cont in Barry Wehmiller
International (BWI) to Vickers in the state of the control BWCO. Accordingly, BWCO now cent).

Changes in share stakes has an interest in 5.31m (22.8 per

#### INTERNATIONAL CAPITAL MARKETS

rial Times proposes to publish this survey on: 276 JUNE

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DAVID REED

FINANCIAL TIMES

# **APPOINTMENTS ADVERTISING APPEARS EVERY**

**WEDNESDAY AND THURSDAY** 

# Bass **Public Limited Company**

EXTRACTS FROM COMMENTS BY THE CHAIRMAN—IAN PROSSER

Profit before tax increased by 33.6% after crediting an exceptional profit of £28.2m arising from the sale of certain European hotels.

The strength of our beer brand portfolio enabled us to increase volumes well ahead of a buoyant market. The performances of Britvic Corona in the soft drinks market and Hedges & Butler in wines and spirits were encouraging.

Our considerable investment in pub retailing and the extension of our catering businesses led by Toby Restaurants continued to produce good results. Changes in licensing hours will present an opportunity for future growth in this sector.

Our leisure activities continue to show good growth with notable performances coming from amusement machine manufacture, social clubs and hotels. Horizon winter holiday sales were substantially above last year.

The acquisition of the international assets of Holiday Corporation outside the United States of America, Canada and Mexico, together with 13 Holiday Inns in the U.S.A., which has been completed since the end of the half-year, significantly expands our hotel business and confirms our commitment to become a major international hotel operator.

INTERIM RESULTS TO 9th APRIL 1988

-key figures (unaudited) 10 9.4.88 to 11.4 87 ю 38.9 к7 Turnover 2,228.1 985.3 1,784.3 1,513.3 3,213.4 **Trading Profit** Analysed: Brewing, drinks and pub rctailing 158.9 133.7 303.3 operations surplus on disposal of 14.6 317.9 fixed assets 7.0 165.9 8.4 142.1 - operations 67.8 15.8 15.4 surptus on disposal of 28.3 44.1 04 15.8 0.7 68.5 210.0 157.9 350.4 **Profit before** taxation 197.0 147.4 365.0 Ordinary dividends paid and proposed – per share Earnings per ordinary share 30 2p 71.6p Note: The surplus on disposul of fixed assets includes £28.2m in respect of the sale of certain

This statement is being distributed to all holders of listed securities of the Company Copies are available to the public from the Company's registered office: 30 Portland Place, London WIN 3DF

MIDLAND MONTAGU £05m VENTURES

SAMUEL MONTAGU CORPORATE £20m

FINANCE DIVISION SAMUEL MONTAGU SPECIALISED

FINANCING £48m DIVISION £73m LEWIS'S TOTAL

THANK YOU

On 7th May the largest buy-in of the year so far was announced with the £73 million management buy-in of Lewis's department stores from Sears plc.

This complex transaction was completed only with the teamwork of three different divisions within the Midland Montagu group.

Midland Montagu Ventures invested £5 million to lead the equity syndication, Samuel Montagu's Corporate Finance Division underwrote the £20 million balance of equity requirement and our Specialised Financing Division took on the entire £48 million debt

If you, like the new management team of Lewiss, are looking for the best in corporate advice and capital financing, there's no need to shop around. Just ring up.

# Samuel Montagu & Co. Limited PART OF MIDLAND MONTAGU, THE INVESTMENT BANKING & SECURITIES ARM OF MIDLAND GROUP

10 LOWER THAMES STREET, LONDON EC3R 6AE. TELEPHONE 01-260 9000. SAMUEL MONTAGU & CO. LIMITED. A MEMBER OF THE SECURITIES ASSOCIATION.



#### **UK COMPANY NEWS**

# Tunstall moves up 16% to £3.2m

Tunstall Group, security equip vertible preference shares, payment company, announced a 16 ing interest at 7.25 per cent, has per cent increase in interim pretax profits from £2.76m to £3.2m, it also said it had increased its investment in Sound Diffusion. It has 4.9 per cent of Sound Diffusion. It has 4.9 per cent of Sound Diffusion is ordinary shares, which gave it rights to subscribe aborted merger talks. electrical equipment leasing com-pany with which it last year held aborted merger talks.

Mr Michael Dawson, chairman, indicated that he was still trying in agree a merger with Sound increased holding would amount to management last December to spearhead a return to profitability.

At the prescriptor of share when they were issued last month. If fally converted after June 1990, Tunstall's increased holding would amount to about 7 per cent of Sound Diffusion's enlarged share capital.

Tunstall's 42 per cent increase

Mr David Macdonald, Sound Diffusion's chairman, said the directors would have to consider any proposition on its merits, "but we believe the company needs its independence while profitability is being restored".

The addition of rights to sub- the acquisition. Mr Dawson said per share were 12.7p (10.3p) and scribe for a further 1.28m con- they should reach 20 by the end there is a 1.5p (1p) dividend.

in turnover to £18.28m (£12.9m) in the six months to March \$1 mainly reflected the acquisition last April of Ademco, which oper-ates trade distribution centres under the Selectalarm logo. Ademoo's outlets have been increased from four to 16 since

of the financial year.

The bulk of Tunstall's profits came from Tunstall Telecom, which provides personal siarm systems usinly to local authories renning council accommode-

Mr Dawson said the prospects for growth in Tunstall hinged on increasing orders from two main sources: oversees, and the private sector sheltered housing market which is catered for by Tunstall Lifeline. He said orders from overseas had picked up by 100 per cent in the period under review while Tunstall was "steedily building a strong subscriber pese" for Lifeline.

Operating profits were £3.5m (£2.65m) and there was a £155,600 (ndl) interest charge. After taxa-tion of £1.18m (£1.12m), earnings

By buying more higher-yield-ing convertible preference shares, Tunstall has washed the cost of its investment in Sound Diffusion but not resolved the dilemma over what to do about it. Pro-lenged confector over Sound Difover what to do about it. Pro-longed confusion over Sound Dif-fusion's accounts means the com-pany's price-tag is anybody's guess, but it must look more danning with Mr Macdonald at the helm than when the company was under the previous belowwas under the previous helea-guered management. Meanwhile, Tunstail's own performance is solid if unexciting it would gen-erate more interest if it could establish a convincing foothold in the feet arresting but difficult to the fast-growing, but difficult to crack, market for slarm systems in private sheltered housing. Analysis expect full-year profits of about \$7m, which puts it on a prospective p/e of about 18 fully valued.

# Hartwell profits advance 59%

25.12m to £9.74m, was posted on showed an improved performance external sales, excluding car tax and VAT, of £332.61m (£272.58m) to 3.765, Better margins were and followed a 77 per cent profits growth at the midway stage.

The difference said that the The directors said that the present high level of business confidence and consumer spendence and consumer spend-

New car sales increased by just contributed pro-tax profits of property group, yesterday over 18 per cent to 25,834, with 9.5 revealed a 59 per cent expansion per cent attributable to acquisitions, while sales of used cars petition and reduced bulk fuel oil commercial vehicle side also commercial vehicle side also reserved as inversed as increased by just contributed pro-tax profits of 257,000, down from £1.6m last time reflecting market price competitions, while sales of used cars petition and reduced bulk fuel oil commercial vehicle side also reserved as inversed as increased by just contributed pro-tax profits of 257,000, down from £1.6m last time reflecting market prices investors.

The directors were considering prospects for fature expansion in the light of Ford's decision to ing had beneficial effects on the motor sector and they expect will now permit the group to hold profits to advance in the current up to eight Ford dealerships.

Referring to the property side, the directors said total rents received rose to £1.3m (£556,000). Good progress had been made on the Abingdon Marina with 27 houses sold in the year, making After tex of £3.36m (£2.22m

earnings per share worked through at 8.1p (5p). A final divi-

#### Frank Gates expands<sup>.</sup> to £2.02m

Frank G. Gates, Ford main dealer, increased its 1987 turn-over by £11.15m to £9.64m and its pre-profits by £557,000 to £2.02m after taking account of a £25,000 higher allocation to the profit-sharing scheme of £125,000.

The directors said that for the The directors said that for the first time since 1979 the group had made a real net profit on the assets employed on new vehicles.

If the market remained buoyant, they saw no reason why
Gates should not maintain a similar result for 1988. Meanwhile, the dividend for the past year is being lifted from an adjusted 3.2p

# Further expansion by Acsis

Acsis Group, the former jewellery retailer which is being turned in June 1987, As with many shell into a marketing services company by South African businessman Mr Darryl Phillips, yesterday announced that it was buying United Media, which sells advertising space on theatre ticket wallets and hotel key cards for a maximum of \$200,000 for United the company tax are achieved for the year to end-March 1989.

Acsis with many shell expansion plans at Acsis were hit by the October stock market crash.

Acsis will pay \$100,000 for United theatres and hotels, and its decides. A further consideration an estimated billing value of \$200,000 becomes payable — \$150,000 after sales commissions.

cards, for a maximum of £300,000. of £200,000 becomes payable — £140,000 after sales commissions.

This is the third acquisition also in shares or cash — if warannounced by Acsis since Mr ranted profits of £100,000 before for about a year.

# Wheway profits leap to £1.92m

ax proms from £751,000 to £1.92m on turnover up 25 per cent from £28.59m to £35.64m.

Erith sees

record half

Profits for the first half at Krith

Hitchin-based builders' mer-chant, are expected to be a record, Mr Graham Davies, the

chairman, told the annual meet-

He said that indicators and forecasts, such as house prices,

mortgage availability, home buy-

would continue to seek new sites

where terms were favourable, to buy established businesses.

Buckley's purchase

ACQUISITIONS made in January
1988 helped Wheway achieve panies – Interfilta, designer and per cent to 0.5p (0.375p).

Sharply higher results for the six manufacturer of commercial and industrial air filters, and confident that the strong industrial air filters are strong in the strong interim dividend was raised 53 manufacturer of commercial air filters. ing products, distribution, enviRentley, consultant engineer — demand currently being experi ronmental engineering and comaccounted for 2649,000 of the total enced by almost all group compa puter support group boosted operating profit of 22.25m mies would be maintained

#### (£1.14m). After tax of £518,000 throughout the year. The beauti (£180,000), earnings worked was also continuing to search for through at 3.41p (1.74p) and the additional ways to expand Atlanta agency buy takes

Gold Greenlees into US

Gold Greenless Trott, the adver-tising agency known for its The payment for Babbit & Rei-Toshiba, Holsten Pils and Hon-man will include: eywell campaigns, is expanding

• An \$850,000 cash sum on compinto the US with the acquisition pletion.

of Babbit & Reiman, an Affanta

based advertising agency. GGT

will pay up to \$3.55m (£1.9m) for period ending April 30 1989, but the company.

not to exceed \$1.05m.

ing aspirations of younger people and the Budget all pointed to Mr Davies said that the board to improve existing outlets and,

RJR Nabisco and Del Taco, a be paid.

Mexican fast food chain.

• If adj

Babbit & Reiman employs 34 • If profits for the period ending staff and its 15 clients include April 30 1989 exceed \$350,000, Days Inns, Coca Cola Enterprises, then a sum of \$75,000 in cash to

• If adjusted pre-tax profits for Since its inception in March the year to April 30 1990 exceed 1986 up to March 31 1988, Babbit \$500,000, then a further sum of up & Reiman has incurred a £605,000 to \$150,000 in cash to be paid. However, Mr Matthew Allen, enter into five-year non-competi-GGT's group development director, said Babbit's revenues had will receive a total of \$1.5m. tor, said failings revenues and doubled in the past six months and he was satisfied that it was advertising agencies, reported now operating profitably.

GGT intended to build a net-for the year to June 30, 1987. Analyse via an issue of its shares.

Canseway corporate

finance division

Cameway Capital is setting up a corporate finance advisory company with Mr Malcolm Davidson, of Samuel Montagu's corporate

The chairman of the new com-The chairman of the new com-pany, which will provide advice to small and medium-sized quested and unquoted companies on capital retaing, reconstruc-tion, mergers, acquisitions and sales, will be Mr David Secker Walker, a co-founder of Causeway in 1983.

#### Moss Trust purchase

Moss Trust, USM quoted adver-tising agency formerly known as Moss Advertising, is strengthening its presence in the capital through the acquisition of 50 per cent of Wood Newbold. The maximum consideration is £0.25m. Moss said it would soon appounce acquisitions in Edinburgh and Birmingham - it is already represented in Leeds, Sheffield, Leicester and Newcastle. Wood Newbold's annual turnover is estimated at about £2m.

#### Fulcrum Inv Trust

Net asset value per income share of Falcrum Investment Trust stood at 42.63p at April 30 1988, compared with 42.56p in 1987. The interim dividend is being raised to 2.55p (2.4p).

#### J S Pathology

J S Pathology increased its profits from £3.02m to £4.01m pre-tax for the year to end-March 1988. Turnoyer rose by £2.61m to £10.01m

Earnings were 20.1p (15.8p) and a final dividend of 3.7p raises the total by 1p to 5.5p.

# Holmes & Marchant rises 39% to £1.9m

A STRONG performance from the design division helped Holmes & Marchant Group, the marketing consultancy group, lift pre-tax profits by 39 per cent to £1.91m (£1.27m) for the half year to March 31 1988. Turnover also mass by 30 per cent from £8.22m rose by 39 per cent, from £8.82m to £12.28m.

Mr John Holmes, group chief executive, said that it had been a busy period with all parts of the business doing well. Prospects for the second half looked very good,

The most important contributor was the design division, which boosted profits by about 30 per cent. Making two acquisi-tions during the period, the design division accounted for half the group's turnover and more than 60 per cent of pre-tax profits. The £500,000 invested over the past year in computer-aided design equipment has provided major benefits to the business, said Mr Holmas.

Sales promotion, responsible for 20 per cent of group profits, lifted its own profits by 40 per cent. The PR division, which was expanded by the acquisition of Counsel in January, increased profits by 35 per cent. Following a slow start to the year, the spe-cialist advertising division

increased profits by 10 per cent.

The results of the three acquisitions have been incorporated from their respective dates of acquisition and they contributed pre-tex profits of about 290,000.

Earnings per share increased by 39 per cent to 11p (7.9p). An interim dividend of 2.45p (1.75p) has been declared.

comment

These pleasing figures in large part reflect the growth of the design industry, which, thanks to the style-conscious 1980s, has been expanding at a rate of 30 per

And that in turn may increase ment team should ensure contin-fie pressure on companies that med strong organic growth and cannot afford them. This could pre-tax profits for the full year of provide the large players with a \$4.4m. That puts the shares, up classic opportunity to expand by \$4 to 272p, on a prospective p/e of acquisition. However, the com-

cent a year. It is a highly frag-mented industry - Holmes & confined to the design industry. Marchant reckons that it is the Since its flotation in 1985, it has Marchant reckons that it is the seventh largest design company with just 1 per cent of the market — but this may be set to change. Holmes' edge, it believes, comes from its enthusiastic use of computers. These, it finds, can radically improve its productivity — allowing it to take on large contracts it previously turned away. And that in turn may increase that its intermed or companies that



Ente Nazionale per l'Energia Elettrica (ENEL) Yen 10,000,000,000 Guaranteed Floating Rate Notes Due 1992 Unconditionally and irrevocably guaranteed as to payment of principal and interest by The Republic of Italy

Notice is hereby given that the Rate of interest has been fixed at 4.95% and that the interest payable on the relevant interest Payment Date November 25, 1988 against Coupon No. 2 in respect of ¥10,000,000 nominal of the Notes will be ¥250,890. May 24, 1988, Landon By: Clibank, N.A. (CSSI Dept.), Reference Agent CITIBANCO

Don't misread our performance figures. We're really cautious, careful and rather restrained.

Look at our performance figures for last year.

As you can see Hill Samuel Investment Management Funds (median) were way ahead of the average as measured by all three industry measurers. To take but one, C.A.P.S. measured a 2.1% growth for all funds while Hill

Means and the C.A.P.S. Medians!

Samuel Investment Management Funds average 7.9%.

And, our two and three year performance is equally

good. Over the periods '86-87 and '85-87 we out-

performed the W.M. Weighted Averages, the LP.M.S.

If you would like to know how such restraint can produce such exciting performances just ring Alan Henson on 01-628 8011 or write to us at the

Yes, you could read these

figures as implying that growth is

very important to us. And indeed

a judicious balance of caution and

initiative; by experience and

knowhow; and by a very careful

restructuring of our company over

But it is growth achieved by



Hill Samuel Investment Management Ltd., 45 Beech Street, London EC2P 2LX.

This advertisement complies with the requirements of the Council of The International Stock Exchange, London



# Arab Banking Corporation (B.S.C.)

(Incorporated with limited liability in The State of Bahrain)

U.S. \$ 100 Million Floating Rate Notes Due 1996 and U.S. \$ 150 Million Floating Rate Notes Due 2000

It is hereby announced to the holders of the U.S. \$ 100 million floating rate notes due 1996 and to the holders of U.S. \$ 150 million floating rates due 2000 issued by Arab Banking Corporation (B.S.C.) that the audited annual report and accounts for the year ended 31st December 1987 of Arab Banking Corporation (B.S.C.) are available and copies may be obtained from the Bank at the following address in Bahrain:

Arab Banking Corporation (B.S.C.) P.O. Box 5698, Manama, State of Bahrain or through the branch of the company at its address in London: Arab Banking Corporation (B.S.C.) ABC House, 1-5 Moorgate, London EC2R 6AB, England

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Geseville & Company Limited

6 Lovet Lone, London ECSR 63P

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# **BP Minerals**

**International Limited** 

COMMERZBANK OVERSEAS FINANCE N.V.

U.S.\$ 100,000,000

Floating Rate Notes Due 1995

in accordance with the provisions of the Notes notice is hereby given that for the six months period from May 19, 1888 to November 21, 1988 the Notes will carry an interest rate of 10% per annum with a coupon amount of U.S.\$ 516.67 on U.S.\$ 10,000.— and U.S.\$ 2,583.33 on U.S.\$ 50,000.—

Frankfurt/Main, May 1988

COMMERZBANK

To the Holders of the Selection Trust US\$50,000,000 8%% Bonds 1989

(formerly Selection Trust Limited)

The report and accounts of the Company for the year ended 31 December 1987 together with that of its ultimate holding company, The British Petroleum Company p.Lc., are available upon application to:

The Secretary, BP Min cals International Limited, Belgrave House, 76 Buckingham Palace Road, London SW1W 0SX

#### INTERNATIONAL APPOINTMENTS

**APPOINTMENTS** 

# British Coal group general managers

BRITISH COAL has made the following appointments, all from next January 1. Mr George McAlpine, director Scottish area, to be group general manager, Scottish group. Mr Michael Haynes, deputy director (mining), North Vorkshire area, to be group general manager, North East group. Mr Frank Middleton, general manager, North East group. Mr Hugh Metcalfe has been appointed a non-executive operations) East Wales, South Wales area, to be group general manager, North East group. Mr Terence Wheatley, assistant director (operations) East Wales, South Wales area, to be group general manager, North East group. Mr Terence Wheatley, assistant director (operations) East Wales, South Wales group.

Mr Robin Ryres has been and marketing director.

The LEWIS GROUP, debt collectors, he was general manager with Royscot Retailer Services.

# GOODMANS, Havant, has appointed Mr Higgs from Brunton & Williams.

# THE ROYAL BANK OF SCOT
# Was deputy chairman of HUNTING Englished Life (CL).

# Wr Paul Saunders has been appointed general manager of Cheshire and North Derbyshire executive, operations, on the main board of British Aerospace, and is president-elect of the Royal Aeronautical Society.

# Wr Bob Higgs becomes business collectors, he was general manager with Royscot Retailer Services.

# GOODMANS, Havant, has appointed Mr Peter Stott as commercial director.

## Wr Paul Saunders has been appointed general manager of Cheshire and North Derbyshire executive, operations, on the main board of British Aerospace, and is president-elect of the Royal Aeronautical Society.

## Wr Bob Higgs becomes business collectors. he was general manager with Royscot Retailer Services.

## GOODMANS, Havant, has appointed Mr Peter Stott as commercial director.

## Wr Paul Saunders has been Hutchins as area manager from Invertible general manager of Cheshire and North Derbyshire executive, operations, on the main board of British Aerospace, of Assurances Generales de International division in Manager.

### Wr Both Hutchins Assurance Generales de Internati

Following the acqueition of PHILLIPS & DREW (C.L.) by Bank Cantrade, which is 85 per cent owned by Union Bank of Switzerland, the following board changes have been made. Mr Barry Ching and Mr Peter Stoneman continue as executive directions. man continue as executive direc-tors. Mr Gordon Dryden has joined the board as a non-execuretirement he was a director of Morgan Grenfell & Co., London, and vice chairman of Morgan Grenfell (Jersey). To represent the new shareholders Mr A.T. Stheeman, chief executive of Bank Cantrade, Zurich, and also Bank Cantrade, Zurich, and also chairman of Bank Cantrade Switzerland (C.L.), Jersey, has been appointed chairman, together with Mr Willy de Nardi, managing director of the Jersey bank, as a director. Mr Mark Dufty and Mr Tony Hillsden will continue as senior executives. The company says the name of Phillips & pany says the name of Phillips & 
Drew (C.I.) will continue for the Mr Harry McKeever has been forseeable future but will, in due appointed group marketing direc-

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Mr Robin Byres has been appointed corporate development director of VERSON INTERNA- Mr Andrew McCall has been TIONAL, a new post. He was chairman of Verson Europe in

Mr Jon Szegota has been appointed to the board of NATIONAL STARCH AND CHEMICAL He was business manager, and becomes directoradhesives.

\*\*MOTHERWELL BRIDGE HOLD-INGS has appointed Mr J.C.A.\*\* Crawford, group managing director, as deputy chairman.

aging director of Willis Consult-

and marketing director.

appointed development director of MOORGATE DESIGN. He joins from Tayburn Design Group.

Ms Kathryn Peat has been made a partner at JOYNSON-HICKS, in the matrimonial and family group.

\* Mrs Pat Bernard has been appointed financial director of VIKING POLYTHENE, part of the Viking Packaging Group. She was chief accountant and com-

Mr Ian Eggleden has been appointed deputy chairman of SEDGWICK EMPLOYEE BENE-FITS CONSULTANTS. He also joins the board of Sedgwick Financial Services. He was managing director of Willis Consult.

ICI Colours & Fine Chemicals and the Ellis & Everard Group, have launched a new compan ELLIS & EVERARD SPECIALITIES. Dr Graham Ward has been appointed managing director.

Mr Nicholas Goodman has been appointed by WEDLAKE BELL to lead its newly-formed insolvency department. He was partner with Wilkinson & Grist, Hong Kong.

Mr Mike Rigby has been appointed a director of THUR-GAR BARDEX, and deputy man-aging director of the window

Ms Pat Davies has been appointed managing director of CONFERENCE ASSOCIATES, a W.A. Holdings company. From Mr Barry Baseley has been Anthea Fortescue, who founded appointed sales and marketing the company, who becomes a director, graphics division, and consultant.



A FINANCIAL TIMES CONFERENCE

# World Pulp & Paper Conference

Hotel Inter Continental, London 6&7 June, 1988

The Financial Times and the European Paper Institute have joined forces to hold the lettest in this high-level series of World Pulp and Paper events. The 1988 coulemnce is held at a time of gowing internationalisation in the pulp and paper industry. Cross-border investment and mergers are changing the pattern of competition in the markets of Europe. North America and the developing world There is also the challenge from enlarged trading blocks such as the Community's move to a single market and the US/Canada free-trade agreement. Speakers taking part include:

Mr Ron Aurell North British Newsprint

Mr Bê Berggrên

STORA Group

Nir Jacques Calloud

Mr Reci Cavaney American Paper Institute

Mr David Clark European Paper Institute

Mr Luis Deslandes Sociedade Portuguesa de Celulose, s.a.

Mr John 8 Fery Boise Cascade Corporation

Mr Hugh Fletcher Fletcher Challenge Limited Dr Hartwig Geginat

Mr Francisco Gros Aractus Celulose S.A.

Mr Bruce Kirk

Feldmühle AG

Goldman, Sachsia Co Dr Bo Mannström Cly Keskustaboratorio

Dr Siegfried Maysel Leykan-Mürztaler Papier

Mr Jorge Nunez Tomas Hostench, s.a.

Mr George S Petty Repay Enterprises Corporation Inc.

Mr Peritti O Rautalahti Veitsbuoto Oy

Mr Dermot F Smurfit letterson Smurtit Group pic

Mr John Worlidge The Wiggins Teape Group Limited

# Pulp & Paper Conference

Please send me further details of the "WOPLD PULP & PAPER"



May 10, 1988

A FINANCIAL TIMES INTERNATIONAL CONFERENCE **EUROPEAN PAPER** 

Complete and return to: The Financial Times Conference Organisation 128 Jermyn Street, LONDON SW1Y 4UJ Tel: 91-925 2323 Tbc 27347 FTCONF G Fax: 91-925 2125								
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Company			<del></del>					
Address		<del></del>						
Tel	Fax	Tix						



NOTICE IS HEREBY GIVEN that a regular quarterly dividend, being Dividend No. 4 of 5¢ Canadian per Common Share, has been declared payable on June 20, 1988 to shareholders of record at the close of business on June 3, 1988.

Shareholders with addresses in the United States or Australia will be paid the equivalent amount in the currency of the respective country.

BY ORDER OF THE BOARD John W.W. Hick Senior Vice-President, Corporate and Secretary

Dresdner Finance B.V. Amsterdam

> DM 500,000,000. Floating Rate Notes 1985/1990

The Rote of Interest applicable to the Interest Period from May 24, 1988 to August 23, 1888, includingly was determined by Bardiags Bank PLC, London, as Reference Agent to be

August 24, 1900, are removen magaz-Payment Date, interest per Note of DM 10,000 principal amount in the amount of DM 94.24 and interest per Note of DM 250,000 in the amount of DM 2,355.90 is due.

Dresdner Bank Principel Paying Agent

August 24, 1988, the relevant Interest

#### Tamar Mortgage Company No. 2 Limited

a subsidiary of

#### THE MANUFACTURERS LIFE INSURANCE COMPANY

#### £250,000,000

Syndicated Loan Facility

arranged by

#### NM Rothschild & Sons Limited

Lead Managers

The Bank of Nova Scotia

Commerzbank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Co-Lead Managers

Bayerische Hypotheken-und Wechsel-Bank Aktiengesellschaft

The Royal Bank of Canada

The Fuji Bank, Limited

Swiss Bank Corporation

Manager NM Rothschild & Sons Limited

Co-Managers

Banco di Napoli Commonwealth Bank of Australia National Australia Bank Limited

The Taiyo Kobe Bank, Limited

Banco di Roma Banque Nationale de Paris p.l.c. Bayerische Vereinsbank Aktiengesellschaft First Interstate Bank of California

> Swiss Volksbank TSB Scotland plc



NM Rothschild & Sons Limited

May, 1988

#### **Western Trust & Savings Limited**

is pleased to announce that

it will be acting as mortgage originator and servicer for

Tamar Mortgage Company No. 2 Limited

THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE (London Paris New York) IN AID OF THE SICK CHILDRENS TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

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**FINANCIAL TIMES** 



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# LME stocks fall boosts nickel

shipments from the Dominican Republic by Falconbridge, the Canadian group, to be settled soon.

Many traders also believe that laco, the Canadian group which is the world's largest nickel

is the world's largest nickel producer, will be able to conclude current labour contract negotiations without disruption to out-

However, in its quarterly report on nickel yesterday, Shearson Lehman Hutton, pointed out that, although prices are unreal-istically high from any long-term perspective, "there are enough unknowns in the market to see prices rise from their current inflated level and we do not rule out nickel making new highs in Nickel

The price of three-month metal could range between \$7 a lb Silver (oz). -884,000 to 16,572,000

#### **US** sales anger Malaysian tin miners

suggested that in the second quarter the LME price would consolidate recent gains.

5,409 tonnes in 1986 and 4,080 tonnes last year.

The US, which holds 170,000 tonnes last year.

The US, which holds 170,000 4,000 ha.

Mr Ibrabim said stocks would unreliable.

The price-sensitive level by the year's end if non-members of when combine-harvester fleets the Association of Tin Producing are sent to gather Soviet grain, Countries stuck to output quotas.

"Brazil and China, in provide spare parts to keep them particular, will once again prove going.

to be uncertain factors in 1988's To be fair, Mr Nikitin did not production equation," he said. The association, which groups the three Asean producers and Zaire, Australia, Bolivia and

Nigeria, has controlled exports since March 1 last year. Mr Ibrahim said some association members were unlikely to fulfil their 1988 output

• Malaysia has told its tinminers to prepare for a of issues from excessive timbercompletely free market with no government intervention at the end of the supply control scheme

Of Issues from excessive timely wastage to the nature of pulpmill discharge.

It comes at a time continuing end of the supply control scheme operated by the ATPC.

Malaysian Primary Industries Minister Lim Keng Yaik said at a lunch with miners that although supply was likely to last longer than the planned 30 months from March 1 last year, they must be alert to market conditions.

fixings in which the eight members of the London – Zurich Good Delivery Agreement will take part, rather than only Samuel Montagu and Ayrton

"In the shorter term, the management by Vancouver-based MacMillan Bloedei, that residue market normalcy ... In the longer term, miners will have to fend for Samuel Montagu and Ayrton

"In the shorter term, the management by Vancouver-based MacMillan Bloedei, that residue market normalcy ... In the longer volumes on some operations in 1986 were indeed above acceptable levels. market situation," he said

He said latest figures showed world stocks at the end of February had fallen to 47,500 tonnes, from 73,000 tonnes before the association introduced export

# David Richardson takes a look at the progress of perestroika on a Ukrainian farm The long road to Soviet self-sufficiency

VASILLI ILLYICH NIKITIN is did say that since perestroika one of 700 members of the Jdanov state-supplied machinery had collective farm near Chernovisy been "a bit better." been "a bit better." his age he was happy with his status and pay and saw no reason

THE CASH price of nickel jumped by \$600 a tonne to \$18,100 on the London Metal Exchange yesterday following news that stocks in LME warehouses had dropped below 2,000 tonnes and suggestions that some traders would be short of material until the end of this month.

In contrast, the LME was taking the view that the supply situation would soon ease and the price of nickel for delivery in three months slipped by \$375 to \$13,975 a tonne.

(\$15,400 a tonne) and \$10 a lb (\$22,000), said Shearson. Cash prices could exceed \$12,50 a lb (\$22,000), said Shearson. Cash prices could exceed \$12,50 a lb (\$22,000), said Shearson. Cash prices could exceed \$12,50 a lb (\$22,000), said Shearson. Cash prices could exceed \$12,50 a lb (\$27,550) if there are further interruptions to supply.

There is likely to be a supply deficit of 10,000 tonnes in 1986 and last year than agreed, reports Reuter from Kuala Lumpur.

There is likely to be a supply in 1986 and last year than agreed, reports Reuter from Kuala Lumpur.

Despite their argument that their disposal does not exceed 3 ber cent of world supply, it still violates the very spirit of the memorandum of understanding and could very well disrupt the world tin market," Mr Ibrahim the came to the Jdanov collective farm near Chernovtsy in the Soviet Ukraine. His stocky, fit figure belies his 58 years but market by selling more tin in market b

three months slipped by \$375 to \$13,975 a tonne.

This widened the backwardation (premium for cash metal over three-months) from \$3,150 to \$4,450 in May last year.

Shearson was also bullish over three-months) from \$3,150 to \$4,125 a tonne.

Looking ahead, the market is expecting the dispute over export duties which has held up nickel shipments from the Dominican solidate manufacture with a average with an aver

The US, which holds 170,000 tonnes of tin, had agreed — in a memorandum signed with the six-member Association of South East Asian Nations in 1983 — to limit annual GSA sales to 3,000 tonnes, he said.

Asean's main producers are Malaysia, Indonesia and Thailand, which produce the bulk of world tin.

Mr Brahim said stocks would have a world the fact that Sovietimade machinery is notoriously unreliable.

quite admit to that when the collective were making up to 400 proposition was put. However, he roubles a month, now that new

been "a bit better."

His wage has doubled over the
past few years to a basic 180
roubles a month. He also receives
an extra month's salary a year

for responsibility and a bonus based on the efficiency of the machinery under his charge. A 23-man maintenauce team would be regarded

as wildly excessive on a He and his family seemed to live comfortably in a tidy little house they had builf a few years similar British farm, but Soviet-made machinery is notoriously unreliable To put that pay level into perspective it is necessary to know what it will buy. This is a

little difficult in an economy where the official tourist rate is 1.1 roubles to the pound sterling but where teenage boys on Moscow Metro will illegally offer five roubles to the pound to give them or their clients access to hard-currency shops. Suffice it to say that this month a kilogram of fat pork was selling in state shops at five roubles and rather better stuff in

open markets at nearer 10 roubles. The latest small Lada car, I was told, cost 9,700 roubles, but the waiting-list is from one to five years. Mr Nikitin did not The Ministry of Agriculture in Moscow has been simplified in its

He earnt a little extra from his garden, or private plot as it is officially known. The plot, though only a quarter of a hectare, carried a cow, two nigs and some laying-hens as well as growing sweetcorn, vegetables and fruit. Any produce surplus to his family's domestic needs was sold at the local market by his

ago with the aid of a loan from the collective. The house, brick-built and with an aspestos roof, like most of its neighbours, was carpeted and furnished throughout. It contained a television set and a hi-fi, though water was drawn from a well in

the garden.

The Ukraine is one of the Soviet Union's most favoured farming areas: the fields are big, the soil is good and the climate is conducive to reasonable yields. Like farmers everywhere, however, Ukrainians complain mainly that they would like a little more rain in summer. In the past, inept political management, the late arrival of fertilisers and the absence of real

incentives for workers to do a good job has inhibited farm output. It would appear perestroika is changing this.

meaves implementation to local according to the ministry's own administrators rather than dietary recommendations, as well imposing every detail as in the past. The people who actually plough the land and harvest the rather than on mere attendance.

In the Ukraine Vasili Nikitin and his collective colleagues are

In the past inept political management, late arrival of fertilisers and the absence of real incentives has inhibited farm production

Elephantine bureaucracy still exists, however, and threatens to stifle even the most imaginative of Mr Gorbachev's reforms. The political chiefs who control small sectors of the stagnating Soviet economy are understandably unenthusiastic in implementing plans which could put them out

Mr Gorbachev's target is Soviet food self-sufficiency. An Agriculture Ministry official in Moscow told me the key to this would be annual production of 1 tunne of cereals per head of the population, to provide adequate feed for livestock as well as for direct human consumption. The present population is about 275m. Last year cereal output totalled

structure and its staffing has by imports from the West but been halved. It still makes plans Soviet consumers are still and creates output targets but it seriously short of milk and meat, leaves implementation to local according to the ministry's own administrators.

neghning to adopt the nighteen methods of farming which have produced surpluses in the West over the past few years. They are confident that Soviet yields will

However, Mr Nikitin, practical machinery man that he is, wonders if the old combine-harvesters he has to maintain will cope with the extra grain — not to mention the lack of adequate storage space on the farm, which has in the past led to an admitted 25 per cent wasts across the country, between production and consumption.

Soviet agriculture has suffered years of mismanagement. The climate in which much of it is conducted is hostile in the extreme and that may prove the ultimate limitation it has a least ultimate limitation. It has a long way to go to achieve its aims.

However, as Chairman Mao once said, "a journey of a thousand miles begins with one step." Mr Gorbachev has made that first step. People like Vasilli Nichting and the property week to go with 10m tonnes. Nikitin appear to want to go with Part of the deficit was made up him the rest of the way.

#### Platinum market plans to widen pricing system BY KENNETH GOODING

its current London quotations retaliation to any trade measures system into a fully-fledged fixing the US might take. for both metals.

"We believe that the developments will add a new dimension to platinum and palladium trading. In reality it will involve a world-wide participation and facilitate much wider dealing opportunities," says Mr Robert Beale, managing director of Samuel Montagu, a founder-member of the market.

The news coincides with a surge of interest in platinum. The metal, after strong support last week, came in for more heavy East yesterday.

Traders said there was continuing concern about possible interruptions to supply from South Africa, which provides about 80 per cent of the western world's needs, in spite of

THE London Platinum and assurances from the highest level Palladium Market is to enlarge there that there will be no

The zinc cash price rose by £20

a torme to £666 yesterday even though LME stocks increased by

4,675 tonnes last week to 35,575 tonnes. The three-month price

LINE WAREHOUSE STOCKS (Change during week ended lest Friday) tonnes

Aluminium standard + 175 to 31,450
Aluminium high grade + 2,750 to 14,850
Copper Grade A + 12,500 to 55,825
Lead + 500 to 27,400
Nicker - 504 to 1,986
Zinc + 4,875 to 35,755
Tin - 500 to 17,230

Platinum was fixed in London at \$576.50 a troy ounce yesterday morning, its highest level for seven months. Profit-taking took the price down to \$571 in the afternoon but this still left the price well ahead of the \$555.25 on

The more-substantial pricing mechanism to be introduced by the LPPM will involve two daily

Fixings will be by telephone conference calls, not a formal meeting of member-companies. No starting-date has been settled but Mr Beale says only minor details remain to be dealt

#### Canadian forestry faces environmental onslaught

citing the region's special natural

and spiritual value.

Fletcher Challenge-controlled

**British Columbia Forest Products** 

has been trying to obtain access

to the Stein since the early-1970s.

• An Ontario Government

report which has urged the

product of all pulp and paper mill

recent report

(Prices supplied by Amelgemeted Meta) Trading) US MARKETS

Canada, the report says.

unlikely to fulfil their 1988 output quota allocations and the supply deficit should therefore result in faster depletion of stocks.

"As the overhanging stocks are gradually reduced, we should see higher prices over the next few months," he said.

BY DAVID OWEN IN TORONTO CANADA'S FOREST products industry, having recently returned to profitability after an extended spell in the financial doldrums, is facing increasingly vigorous attacks from vigorous attacks from environmentalists. The onslaught covers a variety

labour talks are combining with higher stumpage fees and the buoyant Canadian dollar to raise questions on the longevity of the the scheme to limit market
the scheme to limit market
The main areas of concern
the main areas of concern

The finding, by an independent inquiry in the wake of allegations of poor forest

acceptable levels.
"MacMillan Bloedel was only marginally worse than the other production processes using major licencees in the Queen chlorine," the group said in a major licencees in the Queen Charlotte Forest District," the

report added.

Opposition by an environmentalist-native Indian coalition fighting proposals to build a North America. WORLD COMMODITIES PRICES

#### Pakistani wheat survives drought logging road into British Columbia's Stein River Valley,

By Christina Lamb in Islamabad

PAKISTAN'S WHEAT crop is thought better than expected after the worst drought in 10 years. Mr Ibrahim Baluch, federal farm minister, says this year's crop should be 12.5m to 13m tonnes, meaning need to import 1m tonnes to 1.5m tonnes. Last year 12.2m tonnes were produced and 1m tonnes important to the contract of the tonnes to 1.5m tonnes. province's nine kraft pulp-mills to act quickly to cut their daily discharge of 33 tonnes of chlorinated chemical contaminants. Environmental and 1m tonnes imported.

Punjab, the main wheat-growing province, is said to have produced more than 9m tunnes. rules for such mills are more stringent in the US than in Estimates for the other provinces are 2.1m tonnes in Sind, 854,000 ● Finally, Greenpeace, the environmental group, is stepping up pressure to eliminate dioxins from pulp-mill effluents throughout North America.

"There is enough evidence to be certain that chlorinated dioxins are an unwanted by—many and means with the statement of all who and means with the statement of all who and means the first time in the years, reports Reuber.

They expect to double maize output this year to about 15m bags (198 lb each), leaving a 4m-hag surplus after local needs. They put output next year at 30m bags, stimulated by higher producer-prices announced this

#### Continued growth seen for Angolan oil output

BY VICTOR MALLET IN LUSAKA

those predicted a year ago, say Angolan output.
oil-industry executives in Most of the near-term

producer in sub-Saharan Africa, after Nigeria. Output has now now, output could eventually risen to about 450,900 barrels a reach 200,000 b/d. Add the start of the decade. Next year the figure Chevron-Gulf and Sonangoi, the could rise to 500,000 b/d. Reserves state oil company, still produces stand at more than 2hn barrels.

The oil bushess, protected by Cuban and Angolan troops from rebel attacks, is concentrated in morthern Angola and has been largely unfouched by civil war and the country's economic coland the country's economic col-lapse since independence in 1975. level or taper off a little bit till Exploration for Angola's 1989," says Mr Will Lewis,

rapidly. Total investment in the sector between 1986-90 is about companies such as Chevron-Gulf \$3bn (£1.6bn). Oil earns about 95 and Texaco have been pressed to per cent of Angola's foreign leave Angola by right-wing exchange and brought in about Congressmen and by Unita

\$2bn last year. rehels. The US does
The 5 per cent output restraint the Marxist
offered by Angola and other nonGovernment.

Opec countries last month to ANGOLA'S OIL output is help boost prices appears to have expected to continue rising fallen by the wayside after failure steadily in the next few years, to agree with Opec, leaving the reaching even higher levels than way clear for further rises in

Luanda, the capital additional output will come from Angola is the second-largest Elf Aquitaine's operation in producer in sub-Saharan Africa, Block 3. From about 110,000 b/d

relatively good-quality and general manager. exported to the US but US

rebels. The US does not recognise

#### LONDON

LONDON METAL E prices yesterday ex which started in the News of an increas stocks came as no 2,925 tonnes rise to grade and standar ess than many Ira but it still served c more relaxed attrit supply situation. A and its premium or position narrowed tonne. The copper stocks rise, but pri itternoon to close cash quotation losi at £1.338.50 a tonn months position clo futures values retre week's short-term

BOT MARKETS		
Crude oil (per barrol FOB)		+ or -
Dubai	\$14.85-4,95t \$16.35-6.43t	
Brent Blend W.T.L(1 pm est)	\$17.37-7.42	
36 products (NWE prompt	dolivery per to	+ OF -
remium Gesoline	\$196-198	
Sas Oil (Soviet)	\$140-142 \$76-78	-2
Heavy Fuel Oil Healthe	\$163-165	
Petroleum Argus Estimate		
Xber		+ or -
hold (per troy oz)	\$458.75	+3.25
lilver (per troy cz) 🗭	673c	+8
Hatinum (per troy oz)	\$571.00	+ 15.75
Palladiuts (per troy oz)	\$126.50	+225
Muminium (free market)	<b>\$30</b> 15	-270
Copper (US Producer)	108%-111c	
eed (US Producer) lickel (free market)	35.5c 800c	+ 10
in (European tree market)		-15
in (Kuala Lumpur market		
in (New York)	322c	-1
inc (Euro, Prod. Price)	\$1085	_
Inc (US Prime Western)	53a	<u>·1</u>
attle (live weight)	112.63p	+0.49*
heep (dead weight)†	207.47p	+2.09
igs (live weight)!	70.17p	+0.14*
ondon daliy sugar (TSW)	\$246.28	+0.2
ondon daily sugar (white)		+0.5
ate and Lyle export price		
arley (English feed)	£101z	
laize (US No. 3 yellow) Mest (US Dark Northern)	£135.0 £94.5a	
<del></del>		
ubber (spot) <b>y</b> ubber (June) <b>y</b>	79.50p 83.25p	+5.00
ubber (July) ♥ ubber (July) ♥	83.23p 83.50p	+5.00 +5.00
ubber (KL RSS No 1 June		+20.5
<del></del>	5540x	
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opra (Philippines)š	\$355	
tyabeans (US)	£177	+5
otton "A" Index	68.05c	+1.00
ooltops (64s Super)	650o	

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OB)		+ or -		Close	Previous	High/L		Cash 3 months	665-7 630-1		629-30
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	Cast 3 months	672-4 684-6		662-5 674-7				671-4 683-6	686	5-60		54 las	
	Lead (£ p	er tonne	t)						_	Ring tu	MOVE	r 11,4	(50 ton
	Cash 3 months	372-3 346-7		361-3 339-41		371/370 347/343		370-0.5 345-5.5	34	H	,	0,973	lots
May	Michel (S	per tonn	<del>(a)</del>							Ring	part 1	wer S	24 ton
aver-	Cash 3 months	18000	0-200 0-4000	17400-60 14300-40		17800/17/ 14300/13		17700-80				457 k	nde.
	Zinc (£ pe									Ring to	_	_	
	Cesh	665-7		645-7		662		663-5					_
	3 months	630-1		629-30		640/824		633-4	624	<u></u>		1,205	lots
	POTATOE	\$ C/tons	<u> </u>				LO	DOM BU	LLION M				
		Close	Previou	s High/	LOW		Gok	d (fine ccr)	\$ price		È eq	لعبان	
	Nov Feb	88.0 99.5	89.00 100.00	88.0	85.0		Clos	te eins	456 <sup>1</sup> 2-45 460-480 <sup>1</sup>		245	2-246 2-247	
	Apr	132.0	135,10	123.0	129.0		Mor	ning fix	460.25	2	246.	334	
	May Turnover:	140.0	144.30	100 toons			Day	rnoon fix 's high	457.25 400 ½-48		244.	741	
	SOYABEA			104 4000			Day	's low	4563 <sub>4</sub> -46 \$ price	74	-	uivale	
		Close	Previou	s High/i	,OW			es Esglé	472-475			4 - 255	
White		144.00	142,60				Mag	eleie#	472-475 472-475		252	-255 -255	¥.
1430.		140.50 140.80	140,30 140,60	142.00 142.50	138.		Kru	gerrand	457-462		244	·-246	•
1430,		143.50 146.50	144.00 148.00	145.00	143.0	16	1/4	Krug Krug	237-245 118-126		634	-131 چ-67	•
	<del></del>	147.00	140.00	149.00			Ang 1/10	ei Angei	468-473 47-62		254	:-253 -27%	4
	Turnover:				<u> </u>		New	Sov.	108-109 108-1093		57 %	-58½ -58¼	
_	FREIGHT	Close	Previous		_			e Plat	588.15-90			318.	<u> </u>
		1286.0	1270,0	1290.0									
	Oct	1365.0 1370.0	1345.0 1360.0	1365.0 1370.0			SEW	er fix	p/fine cz		US d	ts eq	uív
_	Apr	1400.0 1419.5	1385.0 1420.6	1400.0			Spot		381.95		676.0		
			1420,0				6 m	onths onths	368.60 376.60		668.2 702.4	5	
	Tumover:	226 (156	(3)				12 1	nontha.	394.AS		738.	15	
_	TEA						-		AT ADDOM	77		_	
	mock's a	بلهدا ولد	98 packag Viding 12,2	00 packag	65 Jn	the		dates (95					NAMES Tubs
	Associat	section, ion. Geo	reports to d general	ne Tee Bro demand.	okers Brigh	.	_	e price \$					Sept
	liquoring	East Af	ricans sho ip per kilo	awed furth	86	- 1	2150			450	253	9	115
	also a st	rong fee	icana cam	nostly 3p-	õp de	erer.	2300 2450			921 212	187 126	29 66	185 272
_	market b	Of remai	ined finn t	More sole	4 Cey	Nors I	سنا	intum (99.	5%)	G	ille.	_	uts
_	sorts ma	inly des	nquiry with rer. Plain	<del>descripti</del> o	ne we		2150 2300			423 905	238 170	25 56	140
	catelogu	ed offsh	ore attract	ed selecti	VD SU	pport	2450			200	116	109	216 310
	but brigh	tost Ken	yas were by 154 (14	fully firm.	_	`	Сорр	er (Grede	A)	C	dis.	_	vts .
	low med				0		2100 2200			128 123	130 00	36 74	186 192
							2300			75	<u>=</u>	126	259

en Inderest	_					_
ver 50 tonne			tais raille:			
	_ wear		doilar as			Aug
18 lots					i-cif stops use buying, ,	Sep
29,250 tonne			el Burnha			Oct No:
					s as nearby	Dec
MC lots	resis	tance le	vels were	penetra	ded.	Jen Feb
27,475 tonne			d under t			Me
<u> </u>	. iong-		on in the			HE
115 lots			rgy future			
wer 0 tonne			iing and s lier trade		emerged	_
					out gress.	دين ايرال
ots			s noted æ			Sep
nover 0 cos	buyer	later of	n. Coffee	essed or	n	Oct
	<ul> <li>Sbecr</li> </ul>		eliing, as			Dec Feb
lots			market sa			Mar
1,450 tonne			t recovery cai was fir			COX
					s a seiler.	_
73 loes			ere jower			لعال
r 924 tonne			skend pre			Ŝер
	was s				continued	Dec
7 lots			ttle future:			May
6,900 tonne			reflecting			أحك
			although t rices late			Sep
05 lots			d lower to			COF
					d storage.	
	but ra					Jul
<del></del> -	Ne	w Y	ork			Sep Dec
relent						Mar
245 247	SOLD 1	00 troy o	L; \$/boy oz.			May
r L		Ctose	Previous	High/L	CIW .	Sep
•	Мау	452.2	458,1	0	0	Stre
	Jun Jun	462.8 464.9	458.7 460.8	453.0	459.Q 0	
raient	Aug	486.4	462.1	466.8	482.5	<del></del>
	Oct	471.1	485.5	471.3	467.6	Oct
554 554	Dec Feb	476.1 481.2	471.7 478.8	476.5 0	4723 ·	Jan
255%	Apr	486.7	482.1	Ō	0	).igr May
131 <del>1</del>	Jun	492.2	487.5	489.5	489.5	Jul
142	PLATE	UN 50 tro	y az, \$ftay	<u> </u>		Oct
253 L		Close	Previous	High/La	)eri	COT
312	May	581.9	584,6	8	0	
ų.	Jul Oct	585.9	568.6 573.7	686.9 591.6	574.0 580.5	ابرال
18.9	Jan	991.4 597.4	579.5	597.5	596.0	Oct
	Apr	803.0	586.0	605.D	682.0	Dec
-	Jul	610.4	592.5	<u> </u>	<u> </u>	May
equiv	SILVER		oz; cente/tr			Jul Oct
		Cicse	Previous	Highto		_
	May	673.8	682.0	675.0	968.0	ORA
	Jesi Jesi	675-2 679.5	670.7 675.0	685.0	Q <b>67</b> 0.5	
	Sep	688.4	683.8	694.0	680.5	اریات Sep
PTICKS	Dec	703.1	696.5 703.1	708.0	700.5 0	Nov
	Jan Mar	707.7 717.9	713.3	722.0	718.0	Jen Mer
Puts	May	725.2	723.5	729.0	729.0	May
uly Sept	Jul Sep	739.1 750-2	734.3 745.8	0 745.0	0 745.0	أتال
115			e; cents/lbs			Sep
8 272		Close	Previous	Mgh/Lo		
Puts	14000	101.50	103.50	103.25	101.50	100
5 140	May	96.85	99.60	Ö	0	🚟
6 216	-Jul	93.85	95,80	95.50	93.70	1-
<b>09</b> 810	Sep Dec	86,60 85,70	91.20 86.90	91.90 88.90	· 89.90 65,60	1-
Puts	Jan	64.80	85.95	0	0	
8 186	Mar	82.90	54.00	84.40	83.80	20
4 192 26 259	May Jul	81.90 80.90	82.80 81.60	0	0	Spc Fut
cu 2007	Sep	79.90	80.60	ō	D	
	-					

		0 42,000 US				icag	<b>.</b> .		
	Leinet	Previous			- SOVA	AEANS 5.0	00 bs min;	cente/80lb	hushel
ui Ug	17,39 17,57	17.70 17.87	17,65 17.78	17.35 17.52	-	Close	Previou		
-72 BB.	17.70	. 17.98	17.86	17.66	- ; Jut				
di.	17.79	18.00	17,88	17.75	Aug	757/4 782/6	778/6 782/6	798/4 771/0	751/ 754/
DC DV	17,76	18.03 18.06	17.92 17.93	17.84	Sep	784/0	784/4	772/0	767
n n	17,56 17,57	18.06	17.85	17.84 17.81	Nov	76976	790/4	779/4	762
b	17.86	18.06	17.89	17.84	den Mas	778/6 705/6	798/2 ensin	767/4	772
_	17,85	18.06	17.85	17.85	_ May	785/6 786/6	.006/0 0\806	794/4 796/0	778/ . 782/
i i i	G DE 42,0	00 US galtis	conta/US	Çelis	34	786/0	805/0	793/0	779
	Lettest	Previous	High/Lo		BOYAL	SEAN OIL	10,000 lbs; (	Senta/10	
, ·	47.65	47,71	41.45	46.96		Close	Previous	High/L	OW
٠.	46.35	47.06	46.80	46.30	لوبل	24.42	24.88	24.60	24.1
ep zi	47,10 48,45	48.26 48.96	48.05 48.80	47.70 48.45	Aug	24.63	25.04	24.81	24.3
•	49.95	50.34	50.15	49.80	Sep	24.83	25.23	25,06	24.5
1	50.09	50.34	50.14 47.47	50.09	Oct Dec	24.92 25.24	25.30 25.61	25.15 25,48	24.8 24.8
<u>'                                    </u>	48,40	48,64	48.45	48.40	_ Jan	25.32	25.66	25,55	25.1
AUA.	10 tomes	<del>7</del> Wirins			Mer Nov	25.50	25.63	25.75	25.2
	Ciose	Previous	High/Lo	70)	- May	25.80 25.77	26.05 26.05	25.85 25.75	25.8
	1675	1679	1683	1663	Aug	25.77	26.00	. 25.75	25.6 25,8
!	1686	1891	1003	1678		EAN MEA			
	1770 1744	1712 . 1748	1715 1748	1700 · 1737		Close	Previous		
y	1766	1773	1760	1767	Jul	230.8	237.2		
	1788 1818	1796. 1818	0	0	Àua	228.7	237.2 285.6	233L0 230.5	228.4 225.
_		_:-		<u> </u>	_ Sep	227.5	234.7	229.0	225
112		Olbs; cents/			Oct - Dec	227.0	234.5	229.0	225.
	Clase	Previous	High/Lo	NE	Jen -	227.1 227.0	234.7 284.5	229.5 229.0	225. . 226.
	122.06	133.38	133.80	132.00	Mar	228.0	235.2	229.5	226
	133,85	135.00	135.25 136.00	133.82	May	229.0	237.0	231,0	227
	135.00 135.05	135.94 135.30	135.30	135.00 134.80	MALZE	6,000 bu m	in; cents/5	اواسط ظاة	
	135,25	135.65	0	ø		Close	Previous	High/Lo	~
	135.00 135.75	135.00 135.75	0	8	Jul	215/4	221/2	217/0	212/
			0	0	_ 5ep	223/0	226/6	225/2	212/ 220/
AR		1" 112,000	ins; centri	108	- Mar	233/0	240/0	235/0	231/
	Close	Previous	High/Lo	w	Mar May	240/2 244/6	247/4 281/0	242/4 246/4	238A 244A
	9.41	9,49	8.60	8.18	` أسال	245/5	251/0	247/6	244/
	9.55 9.61	9.58 9.54	9.70 0	9.28. 0	Sep	247/0	252/0	247/0	247/
,	9.49	9.57	9.69	9.30	WEAT	E,000 bu 1	nin; cente/	Olio-bushe	
•	9.52 9.56	9.59 9.58	9,70	9.40		Close	Previous	High/Lc	ner
	9.50 9.61	9.60	9.70 9.60	9.50 9.50	- Jul	342/6	346/4	345/4	- 332/4
	50,000; ca				. Sep	351/6	355/0	354/0	341/
			AU		Dec Mer	362/2 365/0	364/6 366/0	385/0	352/
	Close	Previous	High/Lo		May	358/0	365/0	267/4 380/0	357A
	65.55 61,23	85.38 83.15	66.20 62.10	84.78	راما	386/0	385/0	0 .	a T
:	60.37	62.37	61,25	61.15 60.37	LIVE C	ATTLE 40,0	06 fbs; cen	s/lbe	
•	80.77 .	82.70	61,60	60.70		Close	Previous	High/Lo	
y	60,77 60,77	62.75 62.75	61,80 61,00	80.80 . 61.00	Jun	72.65	73.37	73.20	
1	60.26	<b>62.23</b>	8	0	Aug	68,47	68.60	68.92	72.57 68.39
ANG	JUNE 15	,000 lbs; ca	ts/lbs		. Oct Dec	67.85 An as	68.07	68.22	67,60
	Close	Previous	High/Los		· Feb	66.85 68.65	69.15 68.95	69.30 69.20	68.65
					Apr	70.00	70.10	70.20	68.6K
,	167.40 182.95	165.80 162.80	167.65 163.40	166.60 162.50	Jun	69.76	70,00	09.00	49.8
	150.45	158.65	156.75	158.85	LIVE H	263 35,000	its; cents/t	26	
	153.15 153.00	153,10 153,10	153-30	153.00		Close	Previous	High/Lo	
,	158.00	153.10	Ģ	0	-Aum	53.52	53.87	64.07	
	153.00	153.10	ā ·	0	انات Aug	52.67 50.65	52.65	53.00	53.30 52.15
	158.60	163.10	B .	0	Oct Cot	50.55 48.15	50.87 45.52	50.92	50.1
					Dec	46.57	46.80	46.50 46.90	45.07
HCI	2				Feb	46.70	46,75	49.75	48.21 48.40
		September	10 1001		Jun	44.35 46.35	44.55 48.37	44.50	44.30
							000 Re; ce	48.70	46.3
	May 20	May 19	cauga age	yr ago		Close			
	1800,6	1783.5	1726.8	-	May	<del></del>	Previous	High/Lo	*
_		a: Decemb	er 31 1974	- 100)	Jul	54.02 53.95	53.25 53.47	54.20	52,65
pot	-	134.81	125,65	128.17	Aug	53.22	52.97	54.80 53.00	62,75
ures)	-	136.01	132,72	127.08	Feb	62.00	62.25	53.90 62.65	52.40
					l Mar	61.30	61.50		101.3

### CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

# Sterling up in thin trading

STERLING BOSE in thin foreign to curb inflation. This in turn exchange trading.

Most of Europe was closed for Whit Monday, and neither LonWhit Monday, and neither LonWhit Monday, and neither London nor New York were inclined to move the major currencies outside their recent narrow trad-

There were no fresh factors, but the pound-was underpinned by favourable comments in the UK press at the weekend. by favourable comments in the UK press at the weekend.
Sterling rose to DM2.18 in early London trading, and remained around that level for most of the dollar eased slightly in any after touching a peak of day, before closing at DM3.1825.

compared with DM3.1700 on Friedray.

UK gross domestic product growth rose 0.25 p.c. in the first trade figures, have lifted the dollar areas vertex of 1988 according to figures released yesterday, compared with the last quarter of 1987, to give year-on-year growth of 4.63 p.c., against 5.18 p.c. In spite of the slow down, UK growth remains high, compared with most ofher European compared with most ofher European compared with rising 1987, to give year-on-year growth of the slow down, UK growth remains high, compared with most ofher European compared with most ofher European compared with rising 1987, to give year-on-year growth growth remains high, compared with most ofher European compared with most ofher European compared with rising 1987, to growth remains high, compared with most ofher European compared with rising 1987, to growth remains high, compared with most ofher European compared with most ofher European compared with rising 1987, to growth remains high, compared with most ofher European compared with rising 1987, to growth remains high, compared with most ofher European compared with rising 1987, to growth remains high, compared with most ofher European compared with most ofher European compared with rising 1987, to growth remains high, compared with most ofher European compared with most of the slow down. UK growth remains high, compared with most ofher European compared with most of the slow down. UK growth remains high, compared with most of the slow down. UK growth remains high, compared with most of the slow down. UK growth remains high with other than the matter of the slow of the recent economic news, suggests problems with rising inflation, and is likely to increase the rejuctance of the UK authorities to endorse another cut in bank

hase rates. The market now waits for Friday's UK trade figures for April, and any sign of a widening cur-rent account deficit. But in recent months dealers

have been prepared to ignore the UK trade position, in the belief that the UK Government will act

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1.5

May 23	Lates	Paintes Close
Spot I mouth 3 mouths 12 mouths	1.8580-1.8590 par-0.01.65 8,10-0.07pm - 0.98-0.88pm	1.8635-1.8645 per-0.0146 0.10-0.07pm 1.62-0.09pm
Fernand premius	is and discounts app	ly to the US dollar

STERLING INDEX

9,00 am 20,00 am 11,00 am Ross 1,00 pm 2,00 pm 4,00 pm		78.4 78.5 78.5 78.5 78.5 78.5 78.5	78.3 78.4 78.4 78.4 78.4 78.4 78.3					
CURRENCY RATES								
May 23 .	Bank rate	Special* Drawing Rights	European* Carroncy Unit					

CUKKENCY	MUYEM:	ENIS
18ay 23	Engineer Index	Morgan Gostanty Changes %
Sterling ILS Booker LLS Booker Connainer Bubber Anntrian Schöting, Register Prakt Danish Krose Danish Krose Danish Krose Suris Franc Gelider France Link Yes	78.4 93.2 88.8 136.1 198.0 92.3 147.4 172.9 136.8 71.0 46.1 246.8	-14.6 -13.6 -5.8 -10.3 -5.1 -11.8 -121.9 -134.9 -134.9 -134.9 -134.9 -134.9 -134.9 -134.9
Morgan Garranti-chi	ages: sermet l'	80-1982=100

OTHER	COKKEN	1E2
May.23	3	\$
Arrestina	12 9010 - 12 9825	6,9100 - 6,9500
Autrella Brazil	2,3740 - 2,3770 288,35 - 290,00	12700 - 12720
Fieles:	7.5185 - 7.5400.	4.6315-4.0335 135 10-137.40
Greece Hoog Kong	14.5930 - 14.6080	7.8130 - 7.8160
karea(Stild	125.10" 1362.40 - 1374.70	65.70° 732.80 - 738.80
Kumadi	0.51260 - 8.51336 66.30 - 66.40	0.2745 - 0.2745 35.65 - 35.55
Laterstoory	4.8220-4.8670	2505-2586
Mexico V. Zeobari	4260.50 - 4281.45 2.6830 - 2.6880	2282.00 - 2292.00 1.4370 - 1.4405
Sand Av	7,0050 - 7,0110 3,7630 - 3,7630	3.7900 - 3.7510 2.0025 - 2.0055
Singapore S. At (Cm)	4.1415 - 4.1525	2,2195 - 2,2210
S. M (Fe)	54140-55345 5325-53.55	2,8985 - 2,9630 28,55 - 28,45
JAE	6.8600 - 6.8660	3.6725-3.6735

**MONEY MARKETS** UK rates steady

INTEREST RATES were steady on the London money market age of 2550m, but revised this to yesterday, as dealers continued to look for guidance from the value of sterling on the foreign archanges.

An early round of help was alue of sterling on the foreign changes.

The pound was firm, but not to offered, but the authorities did not operate in the market at that

On pank base rates.

The situation appears to be evenly balanced, between upward pressure on sterling pointing towards the possibility of lower bulk situation and last 7% p.c., and 5118m bank bills in band 1 at 7% p.c., and 5118m bank bills in band 1 at 7%

UK clearing bank base tending rate 7½ per cost front May 18

base rates - and fear about inflationary pressure - indicating that rates should go up, rather than

The Bank of England initially June.

lar above DM1.70, but have failed to nurther demand for the to maintain a steady upward momentum in the US currency.

The dollar has also failen back below Y125, after testing Y126 on the trade figures, and appears to lack the impetus to move higher. It eased to DM1.7025 from DM1.7030 yesterday; to Y124.55 from Y124.85; to SF11.4175 from SF1.4195; and to FF15.75 from S020 US cents.

In London the Currency fell a

EMS EUROPEAN CURRENCY UNIT RATES							
	Éce cestral rates	Correscy associates against Ecol May 20	% change from central rate	% change adjusted for Giveryeach	Divergence Healt %		
Belgins Franc Daniels Krone German D-lifert Franck Franc Detect Gelfder Irish Pant Italian Lira	42.4582 7.85212 2.05853 6.40003 2.31963 0.768411 1483.58	43,4385 7,93495 2,06175 7,9466 2,33132 0,778730 1544,59	+23 +108 +113 +134 +134 +134 +134	+0.87 +0.54 +0.54 +0.54 +0.10 +3.20	±15344 ±15404 ±16961 ±13674 ±15012 ±16684 ±4,0752		

POUND SPOT. FORWARD AGAINST THE POUND

1955 are for Ecs, therefore publise change denotes & work currency becomes colorisated by Florencial Times

Hay 23	Day's spread	Class	One receth	P4	Three Months	94
ther lands  Sermeny  Total  Tota	1865-18705 2315-2325 3351-3364 66.6-66.5 12.9-12.14 1186-1195 2866-280,0 286-2824 1153-1154 10.73-10.754 10.73-10.754 10.73-10.754 10.73-10.754 10.73-10.754 22.1-22.32 22.1-22.32 2641-2162	1860-18700 2320-2320 3554-354 66.00-66.00 12134-22147 12134-22147 12134-22147 25100-2600 2615-367-2 2614-2224 11554-1154 1234-2237 2234-2237 2234-2237 2234-2256	0.0166-0.02cm 0.30-0.00cm 11-2cm 13-2cm 11-2-2cm 11-2-2cm 10-4-0.00cm 70-112cds 25-6cm 4-4trefts 51-6-1cm 12-1-2cm 12-1-2cm 12-1-2cm 12-1-2cm 11-1-2cm 11-1-2cm	0987 1987 1984 1984 1984 1984 1989 1989 1989 1989	0.08-0 (1) cms 0.79-0.72-0 31-21-0 34-21-0 41-51-0 0.14-0.24-0 26-3.72-0 26-3.72-0 26-3.72-0 26-3.72-0 26-3.72-0 26-3.72-0 26-3.72-0 27-3.12-0 27-3.32-0 21-3.32-0 21-3.32-0 21-3.32-0 21-3.32-0 21-3.32-0 21-3.32-0 21-3.32-0 21-3.32-0	012 147 344 163 164 4.89 2.27 2.51 4.86 1.28 1.28 1.28 1.34 1.50 1.50 1.50 1.50 1.50 1.50 1.50 1.50
glan rate is	constitle frans, Fi	Carried Insect NA. SI	e-poeth forgard docu-	r 0.30-0.2	Scp# 12 easts 0.8	1-0.78cpc

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

<b>927.23</b>	Dey's spread	Clase	One mouth	¥.2	Three months	* 12
Kt	1.8455 - 1.8700 1.5480 - 1.5710	1.8690 - 1.8700 1.5700 - 1.5710	0.01dis-0.02mm 0.06-0.11cds	989	9.08-0.03com 0.22-0.33sfs	0.12 -0.70
خاص	12400-12445	12425-12435	0.17-0.20eds	179	0.48-0.5146	359
etterlands elgissa	19045 - 1,9080	19055-19065	0.56-0.54cpm	3.46	161-156pm	3.33
elgino Hadiyik	56-55 666-695	35.45-35.55 6.49-6.49%	5-2 lycom 0.75-L25omis	-温	15-119m 2-65-3.15ds	-146
Germank.	17005-17045	1.7020 - 1.7030	0.63-0.60	433	171-114cm	3%
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2002	5,74%,524	\$741.5754	0.30-0.30cds	0.42	0.40-0.7065	-0.36
سببب الثاثر	124.50-124.85	5914-5914	1.50-1.85oreds 0.36-0.33mm	32	4.15-4.55ds 1.05-1.00em	-294 -329
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derim.	1416-1420	14170-14180	D.65-0.62tpm	5.32	1.78-1.73pm	4,94
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May 23	Short. Term	7 Days notice	Cine Month	Three Months	Six Months	One Year
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F.Fr. S.Fr.	0.930 0.377	1.746 9.706	2.961 1.201	276.6 87.85	10. 4.057	2.465 1	3.514 1.345	2197 891.3	2.160 0.576	61.72 25.04
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MONEY RATES			
NEW YORK	Te	easury Bills and Bo	nds
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41 mk		<u>7.51</u> 10-y	œr
al feet at later extlan	- Two year	8.12 30-3	<del>9.34</del>

In the afternoon the authorities purchased another 2393m bills

rates should go up, rather than down.

Three-month sterling interbank finished unchanged at 71/4 p.c.

Discount houses seemed to be undecided about the future direction of interest rates, but showed no sign of being particularly nervous.

The houses were not anxious to part with bills. The offer of early official help yesterday didnot result in a rush to sell hills to the Bank of England, and during the rest of the day the market didnot sell any long dated bills to authorities.

The Bank of England initially

FINANCIAL FUTURES

# Wondering weather

ening of monetary policy by the Federal Reserve.

LIFFE EUROGOLLAR OPTIONS Elia paints of 100%

82-07

104 95.53 93.21

92,71

93.57 93.24 92.99 92.77

CHICAGO

Sterling rose % cent to \$1.8695

The market suspected the appeared to be the result of US yesterday, and also improved to Reserve Bank may have sold the weather forecasts, as gilts Y222.75 from Y222.50; to SFr2.65 currency, but there was consider tracked US Treasury bonds.

Y232.75 from Y232.50; to SFr2.55 currency, but there was consider tracked US Treasury bonds. from SFr2.6425; and to FFr10.75 able natural profit taking pulling Dealing off weather related from FFr10.72. The Australian dollar lower at the news is the latest fad in a market concerned about the prospects

The US harvest of wheat and soyabeans depends on rainfall

Calls of Jun 618 418 218 18 Estimated volume total, Calls 1672 Pats 6388 Previous day's open lot. Calls 51808 Pats 38262

LIFFE E/S OPTIONS E25,000 keeps per (II) FF75.5775.

On Bank of England figures, the dollar's index fell to 93.2 from 93.2.

In London the currency fell a little further, but was fairly steady for most of the day, finishing at 78.60 US cents.

Close Righ Low Prev. 175.00 176.20 174.90 175.85 176.30 177.35 176.35 177.15

CURRENCY FUTURES

LIFFE-STEELING (25,000 S per S 18670 18670

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LONDON MONEY RATES

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**FUTURES & OPTIONS** 

Established brokerage and investment firm, specialising in commodity and financial futures & options, would welcome discussions with intermediaries working in the UK and mainland Europe, Modern offices, London location. Full AFBD membership.

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ISLE - OF - MAN

away, traders suggested it will take another cut in base rates to push the contract much higher, and this appears doubtful within

Federal Reserve.

US Treasury bond futures
Disched up from a weak start, and de Zoete Wedd noted that the

long term gilt futures followed a underlying trend in gilt futures similar pattern on Liffe. underlying trend in gilt futures femalis weak. BZW suggested

similar pattern on Liffe remains weak. BZW suggested that further tests of the lower futures were boosted by a strong performance by the pound, although with delivery of the June contract at 119-15,

The Financial Times proposes to publish this survey on:

**TUESDAY 30TH JUNE 1988** 

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**FINANCIAL TIMES** 

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Prices taken at 5pm and change is from previous close at 9pm



90.92

25.80 25.80 18.

#### 1987 BALANCE SHEET

FINANCIAL HIGHLIGHTS

Total assets of Cariplo Group	79,660	68,129	11.0
Net income (after depreciation and provisions to sundry funds for lire 1,168 billion)	212	181	17.6 
Net worth	3,984	3,407	13.6
Securities and shareholdings	12,465	10,661	10.5
Loans to customers	25,447	21,764	14.3
Loans and securities	49,770	42,566	9.6
Customers' deposits	29,185	24,960	8.6
Total funds collected	48,516	41,493	. 11.9
Total assets	63,015	53,894	10.5
	LIRE in billions	DOLLARS In millions	URE INCREASE % over 1986

Figures at December 31, 1987 (1 U.S. \$ = 1,169.25 Italian lire)



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INTERNATIONAL NETWORK: Branches in Hong Kong, London and New York Representative offices in Beijing, Bruxelles, Frankfurt, Madrid and Paris

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There is no European Traded Options table because yesterday was a public holiday in the Netherlands.

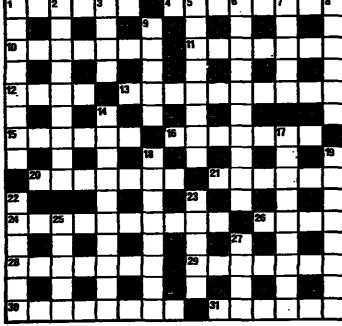

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Members of British Merchant Banking & Securities Houses, Association "7 day deposits 250% Sarewise 5.16%. Top Tier-22,500+ at 3 months' notice 7.50%. At call when £10,000+ remains deposited. A

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FT CROSSWORD No.6,638 SET BY CINEPHILE meaning wherever it occurs in the clues.

**JOTTER PAD** 



ACROSS

1 See 12 scross and 27 down
4 Little white cat carries little weight with little scout (3,2)
10 Royal BF goes forward in movement (7)
11 African statesman made backache go away without hesitation (7)
12, 1 BF (not red or white) wounded skater with early missile (4,5)
13 Remover of the dead brought out by large cat up in trouble (6,4)
15 Good and proper (of French money) (6)
16 Rock of the French cinema, maybe Mexican (3,4)
20 BF (red or white) with flag (7)
21 Girl in the mass (6)
24 BF to cultivate in religious house (10)
25 See 29 across
28 Taxi taking luggage, English, with white EF (7)
29, 28 BF to devour follower (11)
39 Systematic work makes agreements, we hear (8)
31 Ill-tempered sort of loaf (5)

DOWN
1 A person of consequence requires a certain firmness (5)
2 Given up for once under arrangement (9)
3 Area of larsel (4)
5 A glen, dug out, is liable to freeze (8)
6, 3 BF making Bumble a lawyer, etc. (10,6)

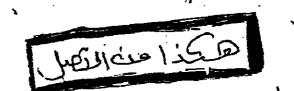
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LONDON SHARE SERVICE

AND THE STATE OF THE SERVICE	LONDON SHARL SERVICE
Function & Control   Management   1st Control    BRITISH FUNDS    1962	
Part   House Search   1964   1965	107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   105   107   107   105   107   107   105   107   107   105   107   107   107   105   107   107   105   107
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## SEAR - 100 larks Set   1.500-15   1.500-1	Band   St. No.   17.36   7.58   7.59   7.5
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tions Dealings Day May 19 May 20 May 31 Jun 2 Jun 3 Jun 13

mer", to, "the market's looking for a cliff to jump off".

for the equity by Nestle as the

ing on whether the bid must go

before the UK Monopolies and

Mergers Commission. Nestlé

already has 16 per cent of Rown-tree, but Jacobs Suchard with

29.9 per cent, is believed to have

arranged the financing for a pos-

The Gilt-edged market

appeared relatively confident

that tomorrow's tender for £800m

of Treasury 84 per cent '93 stock

will be carried off successfully.

Impending repayments of Gov-

ernment stock comprise £1.148bn

of 9% stock on July 14, £1.45bn of

10% pc on May 10 and £1.3bn of 3

pc on July 1. The new tranche of high coupon, near-dated, stock

will thus do little to fill the hole

the rest not due until June 27.

Gains of it or so in Gilt-edged reflected the market supply situa-

tion, and underplayed the wor-

ries over inflation which have

resurfaced on both sides of the

Atlantic. There were sharper exins among Index-linked issues,

the market's most immediate

inflation hedge instruments. IL

stocks have added around 2

sible counter offer.

Among the more active issues. Rowntree gave ground, and final quotations matched the 890p offer

CONFIRMATION THAT the £921m rights issue from Barclays has been a major success did little to enliven the first day of the new equity trading Account in the London securities markets vesterday. Inflation worries continued to beset investors, and at the end of the session equities proved vulnerable to a weak

opening on Wall Street.
The international blue chips, already suffering from renewed strength of the pound and held back by the Whitsun holiday closure of several Continental bourses, fell smartly in late trad-

Government bonds edged higher but remained nervous in the wake of Friday's news that the domestic inflation rate reached a five month high in

April.

The continued strength of the pound, despite the latest cut in in the market range. The cash drain involved is light, with only £40 payable on application and UK bank base rates, concentrated the market's attention on the disclosure of the UK trade figures for April, due on Friday. City analysts predict an increase in the current account deficit from the £254m March figure to around 2500m - £600m, and sugst that such a trend could begin to restrain the pound's onward impetus.

Meanwhile, equity trading remains very thin, with only the placing of the rump of the Bar-clays rights issue lifting yesterday's turnover above poverty levels. At 9.00am, before the pla of the 27m or so Barclays shares left over from the rights operation, market turnover stood at a mere 14.9m shares.

The disclosure that American International Group has built a stake in Kleinwort Benson, parent of Kleinwort Grieveson, the London marketmaker, reawakened takeover speculation in the UK merchant banking sector.

Market indices, which were affected by a batch of ex-dividend quotations for leading shares, shuffled around Friday night's levels for most of the day, turning lower as New York began

trading.
The FT-SE 100 Index closed 8.9 points down at 1761.3. Share trading through the Seaq system finally totalled only 365.2m shares (495.2m on Friday). The underlying nervousness was reflected in the futures contract on the FT-SE 100 index, which traded at a 12 - 13 point discount during the session.

Comments on the equity sector from traders ranged from "it's going to be a very difficult sum-

# Equities fall at close of thin trading session

while Gilt-edged hold steady

	May.	May.	May.	May.	May.	Year	19	23	Since Co.	Sirce Compilation	
	23	20_	19	18	17	Ago	High	Low	Hep	Low	
Government Sets	90.20	90.12	89.97	90.03	90.16	92.07	91 43	85 97	127.4	49.18	
	98.39	98.38	98.13	98.05	98.10	97.40	(18/4)	Q3;1) 94.14	(9/1/35) 105.4	2/1/15) 50.53	
Flood Interest	70.27	ا حدم ا	70.25	70.05	30.10	97.40	(23/5)	מושט	728/11/477		
Ordinary V	1407.6	1415.2	1408.1	14254	1435.5	1686.7	1478.7	1349.0	1926.2	49.4	
		1		!	1	i	(4/3)	(B/2)	U6/7/871	1026/6/40	
Gold Mines	213.2	203.1	200.9	198.3	197.8	434.0	312.5	195.4	734 7	43.5	
		l ,			į	i	7/12	03/51	(15/2/83)	(26/10/71	
Ord, Div.Yield	4.66	4.63	4.66	4.60	4.57	3.40	·	S.E AC	<u> YTIVITY</u>		
Earnings Yld. %(full)	12.09	12.01	12.04	11.87	11.80	6.09		CLOS	Way. 20	May.19	
P/E Ratio (net)(*)	10.13	10.20	10.16	10.31	20.37	15.20	Gill Edged	ــــ علاوتها		1184	
SEAO Bargains (56m)	19,685	29.713	24,937	23,935	25,080	43.740		ains		164 8 2503.7	
Emity Temper (Cm)	•	1276.24	1238 69	2490.0	1169.33	1466.5		ee		1 200.7	
Equity Bargains		30.862	25,429	25,090	25,735	60.007	Gilt Edged i	Bargalis	1274	128 8	
Shares Traded (mil)	_	455.1	403.1	512.7	385.2	675.5		216, E		160 8 2483.6	
		i	7,7	ļ		0.55	Equity Fails				
♥ Opening 10 a	m	11 a.m	1 172	p.m.	1 p.s		2 p.m.	3 p.m	4	p.m.	
1411.7 141		1416.2		15.2	1414		1414.0	1413		09.7	
			7 1	-3.2	4474	'- I	1414.0	1242	<u></u>	• /	

"extremely sucessful" a senior trader in the stock said. But Bar-clays "old" slipped 5 to 398p in a thin trade of im reflecting profit

points over the past fortnight and British Airways was one of the dealers commented that shortage of the near dated '96 issue, which more briskly traded stocks (some 7.2m shares went through the of the near usual 30 instances, has jumped 1½ points yesterday, has system) awaiting today's preliminary figures. Because of the Inflation concern, reflected in acquisition of British Caledonian higher gold and base metal analysts forecasts vary consideraprices, was also displayed in bly, with estimates ranging from demand for mining shares, and \$220m to \$240m.

with the Continent mostly closed, with the Continent mostly closed, London took the brunt of active by suggestions that the group buying from the Cape. There may announce the sale of its 50 were gains of several dollars in per cent holding in Cal Air the prices for Vaal Reefs and other Gatwick-based charter airline major producer shares. RTZ which it acquired as part of its moved up 12 to 392p on turnover takeover of British Caledonian. Rank Organisation holds the Consolidated Gold Fields, other 50 per cent of Cal Air. Brit-favourably reviewed by Mr Robi ish Airways shares closed 6

ert Davies, mining analyst at cheaper at 145p. Shearson Lehman Hutton, who Kleinwort Benson were the Shearson Lehman Hutton, who believes Cons Gold will lift earn outstanding performer in a generings above 100p a share in the ally buoyant merchant banks seccurrent year, gained 17 to £10%. tor after surprise news that Barclays Bank were the focus American International Underof the equity market's attention writers Overseas has accumulating initial trading as the lated a 5.3 per cent stake in the bank. AIG said it regarded the KG

was comfortably placed by the bank's brokers. stake as a "core portfolio invest-In excess of 27m shares were ment" and also that it had identiplaced at 333p in various parcels fied the UK financial services sec-but primarily in three large tor as "a market it wished to lumps of 9m, 8.5m and 8.7m. Bar-invest in for long term growth". clays issued a statement later in But dealers immediately sus-the day that the issue was taken pected the possibility of a "ware-up to some 95 per cent – housing" operation and pointed

to the near 2 per cent stake held back of a couple of bearish circuby Japanese group Sumitomo lars before staging a strong

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

edged up 3 to 360p in a disap-pointingly thin trade of only 1.4m after Australian group Adelaide Steamship (Adsteam), run by John Spalvins, revealed it had built up its stake in CU to 5.175 per cent or 21.8m shares.

Dealers were surprised at the level of the Adsteam stake, which has been known to be in the region of 5 per cent for some time, and immediately began to speculate on the possibility of another substantial shareholder in the group.

The strength of the buying during the past few weeks led us to believe the Adsteam stake would now be nearer 10 per cent than 5 per cent", a dealer said. Wellcome, sustained by growth prospects for its anti/Aids drug Retrovir, resisted the the easier

trend, closing 5 to the good at 535p. However, volume of 1.6m was fairly modest by recent stan-The market is now looking for good news from next month's

where Wellcome is expected to

unveil encouraging results, par-ticularly of Retrovir's use in combination with Zovirax Harris Queensway, the furniture and carpets group, were in the doldrums first thing and

dipped to 140p ex dividend on the

lars before staging a strong advance around midday and Commercial Union shares eventually closing a net 7 up at 148p ex dividend.

The recovery followed an announcement from the company that "discussions on a possible offer are continuing but as the potential offer would be from a consortium on a leveraged basis the outcome is unlikely to be known for approximately a fur-

ther four weeks". The success of the Barclays rights issue and another batch of positive brokers circulars on the sector gave a further minor boost to banks although most closed well off their best levels as profit

– taking emerged. Prudential – Bache issued "buy" recommendations on Barclays, Lloyds and Royal Bank of Scotland, while Citicorp Scrimgeour Vickers re-iterated their strong buy advice on the sector. Lloyds, up to 298p at one point, slipped to close a shade off at

295p after BZW issued a "sell or switch to Barclays or Midland" note. NatWest rose 5 to 555p. The Kleinwort news "could cre-Aids conference in Stockholm ate another major bout of take-

banks", a dealer said. In a firm merchant banks sector Morgan Grenfell, the target of a steady stream of speculative buying over the past couple of weeks. touched 297p before closing a net 4 up at 294p.

over speculation in merchant

insurances included a notable weak spot in Sturge Holdings which slumped 23 to 310p after Press comment on possible US claims against environmental and pollution damage. Sedgwick, reporting first quarter figures on Friday - estimates range from 634m to £38m against a comparable figures of £53.6m - eased to

Breweries were quiet, with Allied, Bass and Vaux all going ex-dividend. Marketmakers pointed to a firm market in Scottish & Newcastle, up a shade to 309p, while Devenish were up 10 to 369p, reflecting buying interest after two recent seminars. Interim figures are due on June 1 and analysts are looking for around £3.7m (£2.6m). Wolverhampton & Dudley were steady ahead of Thursday's figures and closed up 7 at 399p after touching

Researchly steady for most of the session, the International stocks turned distinctly dull in the wake of a poor early performance on Wall Street. Glazo led the reaction with a fall of 11 at

Elsewhere, favourable weekrevival in Avon Rubber which advanced 7 to 697p xd. Satisfactory preliminary figures prompted a gain of 15 to 466p in J.S. Patholgy.

Williams Holdings claimed a considerable amount of interest, closing a few pence lower at 270p in a volume of some 2.3m Nomura Research regard the shares as sound value for underweight funds, especially given the expected June 10 presenta-

in stores apart from Harris Queensway. Ratners attracted a fresh wave of buying interest on news of the company's applica-tion for an ADR facility and ahead of the forthcoming trip by City analysts to the company

#### **NEW HIGHS AND LOWS FOR 1988**

MEY HOUS ().

BRITEM FUNDS (S) AMERICANS (1) BANCS (2)

BREWERS (1) BUILDINGS (1) STORES (8) ELECTRICALS (2) ENGURERING (2) FOODS (3) ENGURERING (2) ENGURERING (2) FOODS (3) ENGURERING (2) ENGURERING (2) ENGURERING (2) FOODS (3) ENGURERING (2) ENGURERING

US operations. The shares touched 259p or dividend helore closing a net 5 up at 258p.

A.Goldberg jumped 10 to 205p in front of today's preliminary results, which analysis expect to

be in the region of £3.25m against sakan lest time. Cable & Wireless attracted per-sistent buying interest and high-

lighted the electronics sector as dealers speculated on the possibility that the group is about to announce the sale of a further 4.5 per cent of its stake in Hong. over in C & W came out at 4.5m shares and the stock settled in higher at 349p after 350p. News of the latest £100m worth

of BT contracts for GEC - Pleasey System X telephone systems boosted GEC a shade to 147p on turnover of 3.5m and helped Plessey edge up 2 to 157p with 1.3mt traded; Plessey fourth quarter figures are due on Thursday.

News of the agreement with the Californian-based International Lease Finance to supply up to 1200m worth of engines for three types of Boeing airlinears failed to help Rolls-Royce which closed a couple of pence easier at

Preliminary profits of £216,4m against £190.5m and estimates that had ranged up to around 1215m saw AB Foods slip back to 272%p before steadying to close a

net 2 off at 274p.
Rauk Hovis McDougail
advanced 8 to 348p amid market rumours that Goodman Fielder which holds a 22 per cent stake, is seeking an agreed merger or could be considering passing on the stake to another possible bid-

Week-end comment on the group's property prospects brought Laporte to life with the shares moving ahead smartly to close 12 up at 417p. ICI, largely reflecting Wall Street influences. drifted back to close 10 down at

Reed International operand better at 4140, but leter aligned back to close at 4040, down 5 on witums of 3.5m. Jefferson Seasons was also a slow market, driving back to SSS; a loss of 5 on the day. Hollis jumped 11 on news of a restructuring. The consumity is changing its market, satisfus its a restructuring. The commany as champing its name, sating its engineering division to management and disposing of perpertual worth 1161m in addition. Robert Maxwell will become chaltman. The shares closed at 1200, Olives Faper was a furn market after Friday's amountotheast of an asset injection and rose 8 to 1700. Property shares assembles as Property shares estimates deplective buying interest, fresh demand still being prompted by last week's revaluation from Land Securities Greycost a bay recommendation with BZW cinimed a fair amount of inches and put on 4 to 428p. Slough Estates were also noteworthy for

a rise of 7 to 305p.

Courtenids traded a little more briskly than most sheed of tomorrow's preliminary figures. In a volume of some 19m the shares closed unaltered at 55in. after 354p. Market estimates range from pre-tax profits of

Turnover in Traded Options was painfully thin with calls of 13,269 and puts of 5,324 giving a total of 18,563 contracts.

Traditional Options · First dealings May 16 Last dealings May 27
 Last declarations Aug 11

• For Settlement Aug 22 For rate indications see end London Share Service Dealers reported a relatively active session in the Traditional option market yesterday, Stocks favoured for the call included Reed International, Camford, INOCO, Oliver Resources, Centreway Industries, Highland Dis-tillers, CASE, Amber Day, Stakis and Rolls Royce. Puts were arranged in Sedgwick, Barcinya and Trimeco, while doubles were transacted in Reed International and CASE

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAG system yesterday until 5 pm.

s	!	Volume		Valuac	Stanta '	Volume 000 1
s l	Stock	000's	Stock	000 1	30424	
- 1	ASDA Grove	1.100	General Actiditat	703	Productivi	1.000
a	Allied-Lyons	828	Seperal Elect.	3,500	RACAL	7 600
a í	Andred	686	Glass	1,000	Rook Dry	319
- 1	Arterii Group	2,200	Globe Investment	39)	ROLL	- 22
Ŀ	Assoc. Brit. Foods	342	Granada	929	ANN I	泛
d l	BAA	2,100	Grand Well	106	Hartist & Colores	257
ÿ	BAT	499	GUS "A"	360	Red 244	20%
	BET	224	Generaliza R.E	276	Regio BELL	. 424
s I	BICC	615	GKN	1,300	Scotors & Jane 14	1 900
- 1	800	1,000	Geinners	1,600	222	
- 1	BPS Inds	265	HAMMOSON	207	Rets-Rate	- 4,000
- 1	BTR	2,100	Hanson	4,400	Rockyourns "6"	1,200
ı	Barclays	800	Haraker Sladeley	900	Rosetzer	479
- 1	Bass	359	Hillsdown Holdings .	1.000	Ryl Bank Stocked	1,200
- 1	Beecham	694	1Mi	137	ROYAL SPREAMENT	1.100
. 1	Sive Arrow	2,500	£Cl	601 745	STE Seatch	1.306
2 ]	Blue Circle	1,000		. 42	States in States.	1 360
)	Boots	481 7,200	Ladbroke	1,300	Saladiery	- 200
)	Brit, Airways	7,200	Land Securities	1,100		3,500
)	Brit Agrespace	1,900	Laporte	1,700	Shell Transport	3,300 846
)	Brit & Comm	725	Legal & General	1,200	SMII I GARAGOST	3.300
- 1	British Gas	2,500	Lloyds Basik	2 200	Smith & Negton Standard Churtered .	2.50
- 1	BP	2,600	LASMO	867	SUMMER CHARACTER.	辨
J	Brit, Telecom	5,300	LOWFO	1,800	Storeboute	470
ı	Burman Cil	361	Lucas,	170	Son Affilence	3.000
, 1	Burton	866	MEPC	. 394	TAN	
1	Cable & Wireless	4,500	Marks & Speccer	2.000	TSB	
- 1	Cadbury Schweppes .	427	Maxwell Comin	317 741	Targett	1.300
	Coats Vivella	958	Metal Box		Tesco	1,363 864
٠,	Commercial Union	1,400	Midland Bank	2,500 2,400	THORN END	1 000
. 1	. Coas. Gold	590	Net West 830k	1,300	Trustbouse forte	2.400
-	Cookson	804	Hert	1,300	ressource e orte	710
1	Courtaints	1,900	Northern Foods	403	Ultrarear	3 000
1	Dalgety	1,600	Pearson	103	United Streets	2,000
- 1	Dee Corporation	1,200	Pearl Group	137	Application Professor	1,600
1	Discuss	528 193	P & 0	483 700	Waltered "A"	1 430
1	English Chica Clays .	522		1,300	Williams Holdions	2.00
.	Enterprise Oil	506	P165967	-		486
- 1	FKI Babcock	200			Wimpey	476
	FISORS	804			Woolworth	7/0
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	RISES A	NO FALLS Y	ESTER	DAY	
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Totals			897	635	1,513
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# **LONDON RECENT ISSUES EQUITIES** SANCE OF THE PROPERTY OF THE P - 影型达到中外辽州6 - - 91111109 - 15 - 1614121 - 1829618 - 825 25.38 FIXED INTEREST STOCKS tsone Price £ Amoun Paid up Cresion Price E

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These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FT - ACTUARIES INDICES

	EQUITY GROUPS	Monday May 23 1988							The May 19	Wed May 18	Year ago (approx)
Fig	& SUB-SECTIONS  pures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at	Est. P/E Ratio (Net)	zd adj. 1988 to date	Index	faciex No.	Index	Index
			%		(25%)						
1	CAPITAL GOODS (208)	745.75	-0.2	10.39	4.86	12.02	10.81	747.33	743.84	750.16	
2	Building Materials (29)	970.49	-0.A	11.83	4.93	11.19	11.36	973.90	966.87	971.88	
3	Contracting, Construction (35)	1546.93 2054.30	-0.2	10.24	3.43	12.91	25.56	1549.59			
4	Electricals (12)		-0.8	9.40	4.86 3.38	13.22	635	2871.13	2026.96 1581.47	2039.71 1594.55	
5	Electronics (32)		+8.3	19.38		12.68	13.%	1583.19			
6	Mechanical Engineering (56)		-8.6	10.33	4.50	12.68	6.85	382.63		386.55 448.33	493.83
8	Metals and Metal Forming (7)	264.14	-0.2	19.33	3.98 4.64	11.85	6.82	452.18	445.02	266.81	493.85 333.85
.9	Motors (13)		-0.2 -0.3	12.09	4.54 4.58	9.58	511	264.76	262.95 1214.30		
10 21	CONSUMER GROUP (187)	1044.63	4.7	9.47 9.89	3.63	12.57 13.97	29.98 21.68	1229.95 1851.60	1844.50	1053.59	
22	Brewers and Distillers (21)		-12	10.93	3.71	11.51	13.49	1101.55		1899.95	
25	Food Manufacturing (23)		-0.7	8.99	3.77	14.25	12.55	894.75	886.22	896.36	
26	Food Retailing (15)	1975.37	,	8.60	3.29	15.51	14.27	1975.07	1971.13	1998.68	2363.38
27	Health and Household (12)		-8.6	6.89	2.78	17.13	10.89	1779.97			
29	Leisure (30)		-4.6	8.17	3.72	15.66	17.70	1281.56		1251.93	
31	Packaging & Paper (17)	480.89	-14	9.36	3.99	13.95	5.88	482.73	480.74	486.98	646.67
32	Publishing & Printing (16)	3268.85	-8.6	8.44	4.53	14.94	44.73	3288.19			
34	Stores (35)		-ii	10.13	3.98	13.11	10.25	387.22	895.20	897.57	
35	Textiles (18)		-8.4	هنتا	4.26	9.95	5.49	581.29	588.22	583.62	
40	OTHER GROUPS (92)	859.61	-0.3	11.85	4.43	11.37	8.75	851.18	848.94	844.65	
41	Agencles (19)		— <u>ĕ</u> .	7.16	2.39	17.70	9.79	1098.05		1110.44	
42	Chemicals (20)	975.58	-84	12.39	5.82	9.86	21.47	979.54	978.69	992.97	
43	Conglomerates (13)	1132.19	-0.3	10.59	4.46	11.60	9.47	1135.11	1133.91	1152.73	
45	Shipping and Transport (12)	1891.91	-8.6	9.94	4.49	13.18	21.68	1903.96	1894.23	1918.08	2152.43
47	Telephone Networks (2)	936.79	+8.4	11.49	4.40	11.59	0.00	933.83	931.40	943.49	1119.98
48	Miscellaneous (26)	1101.32	+0.1	12.03	4.58	9.42	19.26	1189.82	1096,28	1195.90	1483.79
49	INDUSTRIAL GROUP (487)	924.65	-8.4	9.96	3.95	12.59	18.90	927.88	922.89	932.56	1119.61
51	011 & Gas (13)		-0.5	10.84	5.73	11.91	38.80	1791.00			
59	500 SHARE INDEX (500)	996.62	-0.4	18.08	4.21	12.49	13.27	1996.80	995 <u>.83</u>	1985.23	1199.22
61	FINANCIAL GROUP (121)	677.33	-93		4.92		13.76	679.11	675.57	676.65	744.41
62	Banks (8)	644.00	-0.1	22.11	6.32	6.96	18.03	644L76		635.26	
65	Insurance (Life) (8)		-0.3	) -	5.26	-	24,97	956.76		961.49	
66	Insurance (Composite) (7)	526.95	-0.4	l – I	5.62	-	13.82	528.07	528.11	526.13	
67	Insurance (Brokers) (7)	732.65	-2.4	24.48	6.82	12.37	26,67	936.45	927.88	934.87	
68	Merchant Banks (11)	348.92	+9.7	i ='	4.13		3.81	346.59	342.62	343.39	389.46
69	Property (51)	1210.42	-8.6	4.72	2.62	27.13	9.48	1217.14		1229.73	
<u>70</u>	Other Financial (29)		-8.2	10.78	4.72	11.69	5.68	374.28	373.66	374.99	483.86
71	Investment Trusts (81)		-0.4		3.86	_='	7.63	853.31	846.21	856.99	992.31
81	Mining Finance (2)		+2.7	9.74	3.79	11.60	8.12	412.55	471.93	467.37	517.07
91_	Overseas Traders (8)	1026.58	-1.2	10.96	5.39	18.98	27.23	1039.52		1039.24	
99	ALL-SHARE INDEX (712)	911.92	-0.4		4.29		13.16	915.16	989.69	917.50	<u> </u>
ļ		ladex	Day's	Day's	Day's	May	May	May	May	May	Year
		No	Charge	High		20	19	18	_ 17	16	290
	FT-SE 100 SHARE DIDEX 4	1761.3	-8.9	1771.2	1761.1	1770.2	1768.6	1777.6	1789.2	2776.6	2153.A
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	FIXED INTEREST							AYERASE GROSS REDEMPTION YI		Mon May 23	Fri Mzy 20	Year ago (approx.)
	PRICE INDICES	Mon May 23	Day's change %	Fri May 20	rd adj. today	xd ad). 1988 to date		Compons 15	76475 76475	9,18	8.63 9.21	7.72 8.92
2 3 4	British Government 5 years 5-15 years Over 15 years Irredeemables	124.06 141.57 149.18 166.58	+0.22 +0.20 +0.25	123.91 141.27 148.88 166.17 137.85	- - -	4.39 4.60 6.10 6.08 4.76	8 9	Medium 5 Coupons 15 25 High 5 Coupons 15	yers yers yers yers yers yers	9.01 9.06 9.37 9.19 9.15 9.53 9.27 8.87	9.03 9.19 9.40 9.21 9.20 9.55 9.28 8.90	9.94 9.14 9.14 9.22 9.25 9.05
6 7	All stocks  Index-Lisked  5 years  Over 5 years  All stocks	127.65	+0.59 +0.12	126.91 121.98 121.37	<u>-</u>	0.51 1.18 1.12	11 12 13	Index-Linked Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10%	5yrs Over 5 yrs 5 yrs Over 5 yrs	1.60	2.81 3.79 1.80 3.62	2.26 3.59 1.81 3.50
_	Debentures & Lucius			119.13		-		Dels & Lozas	5 years 15 years 25 years	10.18 10.64 10.68	10.40 10.67 10.71	9.70 10.12 10.17
	Preference	92.05	1769 7.	92.59		<u> </u>	!	Preference	8 7- 3 nm 17	9.70	9.68	

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#### WORLD STOCK MARKETS



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# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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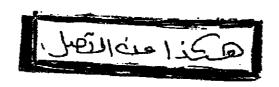
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| Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Section | Sect | Notice | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1 12655547723267532275753353314286116487385114552754754754596755933105933553322345235557 



# NYSE COMPOSITE CLOSING PRICES

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**WORLD STOCK MARKETS** 

# Dow drifts downward amid concern over low volume

**Wall Street** 

THE STOCK MARKET started the week with another drift extremely concerned about the unable to shake the lethargy glehold on Friday, writes Janet reacted to these fears.

Bush in New York.

There is a feeling in some quarters that the bond market may be

\$17\%, in spite of its agreement to Bush in New York.

Average closed 11.11 points lower nearing the bottom of its recent at 1,941.48 in volume of just over slide and there is some evidence 103m shares, the lowest total this year. Before yesterday, Friday's funds away from the stock mar-volume had been the smallest in ket, which is suffering from 1988, at 120.6m.

The very low level of activity is becoming one of the key features, what was otherwise an uneventand worries, in the equity market. There is concern that the market is becoming less liquid, The company is currently and about the ability of company engaged in talks with its largest nies to raise capital in the mar-

Activity was just as dull in the US bond market. Prices were quoted just slightly below Friday's closing levels in late trading, with the Treasury's 30-year benchmark issue quoted % point lower to yield 9.35 per cent.

Both bond and equity markets remain under the cloud of last week's events, particularly the deeply negative reaction to last Tuesday's news of a sharp narrowing in the US trade deficit.

Inflation expectations remain would make a tender offer for the the key to the mood in both markets and the likelihood of another firming in US Federal Reserve

downwards in very low volume, potential in a fast-growing economy for higher inflation, others which had the market in a stran-feel that the markets have over-

> that yields are now attracting depressingly low volume.

ful session was Texaco, which slumped 31% to stand at \$45%. shareholder, Mr Carl Icahn, to reach a compromise which would put an end to Mr Icahn's threats

of a proxy fight. Reports on the discussions suggested the possible compromise did not include any of the restructuring steps discussed in recent days, which could have included a stock repurchase pro-gramme and a special dividend for Texaco shareholders.

In the over-the-counter market, Diamond Crystal Salt fell \$1 to \$35%, after DC Holdings said it

# Hot property boosts Far East stocks

consumer boom and low interest rates have proved a boon for property stocks in the Far East, several of which have risen sharply since the start of the ings was formed by Mr Frederick

Hong Kong, Singapore, Thailand and the Philippines are all in the midst of a property boom with new home buyers, retailers and industry on the lookout for space. That has translated into healthy gains for equity investors

in Hong Kong, the property sector has risen by 15.7 per cent from the start of the year up to last Friday in local currency terms, compared with the market's rise of 11.6 per cent, according to figures from County Nat-West WoodMac.

Rising incomes and the ready availability of relatively cheap mortgages have helped boost demand for housing, pushing up prices and increasing residential

The territory's consumer boom has increased demand for retail space, while industrial property development - prices for which rose by an average 29 per cent in the first quarter of this year - is also strong. A buoyant tourism industry is meanwhile increasing demand for hotel development

Better-than-forecast earnings performances from such property companies as New Town Proper-ties and New World Development up 45 and 42 per cent respectively since December 31 - have aided the sector's growth. Such stocks' large capitalisation, good

Demand for land is booming, write Hilary de Boerr in London, Richard Gourlay in Manila and Peter Ungphakorn in Bangkok

asset value have also made them equities is therefore still strong, attractive buys.

Brokers are, however, increasingly cautious about the future prospects for the sector, given the spectre of rising interest rates and trade figures for March showing a slowing of the growth rate of exports, which could portend less demand for retail and industrial development.

The end of a long-running rumour, forecasting the takeover of Hongkong Land by a consor-tium including Cheung Kong chairman Mr Li Kashing, has also taken some fizz from the stock market, 23 per cent of which is accounted for by property issues.
With the current consolidation

on the Hong Kong exchange, in which prices have been drifting in relatively low volumes, brokers agree that the property sector has probably seen its best per-formance for a while.

But as one Hong Kong analyst based in London says: "I still think it will outshine the market in general in Hong Kong, property is always a play.

Singapore's property sector is meanwhile recovering from several years of oversupply, and land prices are on the increase land prices are on the increase low domestic interest rates, a Oriental Hotel, which is soon to again. The potential for longer-buoyant consumer-led recovery float some shares in Bangkok

liquidity and big discount to net term growth in property-related

say brokers. Tourism levels are high. demand for residential units is buoyant - helped by cheap mortgage rates - and the area is seein industrial property, especially cent stock dividend since Janu-

ket's 15.3 per cent rise.

Leading property stock City Developments has outperformed the index by 11 per cent and is Ayala Corp. has seen similar the market's sixth best performer growth although there is less

Polo, and by current rumours has risen steadily to a current that Standard Chartered is to sell high of Peso 8.4 its headquarters at a record price per square foot — which would give an indication of the true current value of land prices and probably boost the net asset values of the quoted property company. Dusting the content of the quoted property company. Dusting the quoted property company. Than is a botel group with diversiues of the quoted property com-

bringing back money that fled the economic recession of 1983-88. Much of the sector's growth has been in shopping complexes in Manila, followed by office developments and apartment-

blocks. Since the start of the year, Philippine Realty, the most actively traded property stock. has risen 62 per cent, from Peso 1.15 (5.4 US cents) to a current record of Peso 1.86 - and this includes adjustment for a oneing increased direct investment for two rights issue and a 20 per

ary.
"It is doing exceptionally well," Property stocks on the Singapore stock exchange have risen by 28 per cent since the start of the year, compared with the mar-

The other property stock listed on Manila's two stock markets. so far this year.

Recent interest in the sector trading because it is tightly contained by one of the country's most influential families, the Zobel de Ayala's. From Peso 6.8 increase his stake in Hotel Marco Polo, and by current rumours

Thani, a hotel group with diversi-fied property holdings. But new listings are rumoured

The Philippines property market, like those in Singapore and Hong Kong, is benefiting from existing and new companies, and the companies are rumoured to the companies.

In Thailand, which has a



Wir.

Like the new Hank of China

and Hong Kong, is already trad-ing on the grey market.

Dusit Then shares have source since the start of the year, to their current Baht 884 (\$35.40) from Baht 426. The rise on the restricted foreign board has been even more spectacular, from about Baht 450 to Baht 1,250.

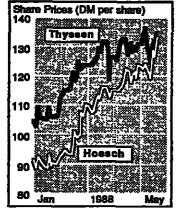
#### **EUROPE**

# European steel issues forge ahead on foreign demand

By David Goodhart in Bonn, Laura Raun in Amsterdam and Will Dawkins in Brussels

STEEL shares have been among this year's best performers in Europe, strongly outpacing the broader market on the back of vigorous demand for steel from the Far East, the US and the

Steel and heavy engineering stocks are among the top 10 per-formers in West Germany, with



Hoesch up 46 per cent, Mannesmann 35 per cent and Thyssen 28 per cent in local currency terms by the close of trade last Friday, according to figures from County NatWest WoodMac. The West German market has risen by just 3 per cent in the period.

The remarkable re-rating of these stocks has, however, almost certainly run its course. There seem to be two main factors behind the rises: first, unexpectedly strong steel demand since the fourth quarter of 1987, which means fully-booked German mills and strengthening prices; second, the realisation that much of the painful and In the longer run the hope that demand for flat products.

MOST BOURSES in Europe were closed for the Whitsun holiday yesterday. LONDON: International blue

chips fell in late trading as inflation worries and the weak opening on Wall Street hit sentiment. The FT-SE 100 index lost 8.9 to 1,761.3 in low volume on the first day of the new account, with trading curtailed by the holiday else-where. Rowntree fell pending this week's ruling on whether Nestlés bid for it will be

referred for monopoly reasons. HELSINKI: Investor confidence helped push prices to a record high, in spite of set-backs on leading bourses, with

expensive restructuring of recent years has been completed.
In the dash to reduce depen-

early 1980s, mistakes were made. assuming the companies are still Some of the new machine-build-making steel by then.

However, it remains 27 per ers. cent of Thyssen's turnover and 37 per cent of Hoesch's, and therein lies the main source of continuing uncertainty. While Thyssen and Hoesch have recently returned to profitability in steel, the next EC steel meeting at the end of June is expected to end the water system in lett on end the quota system in hot and cold rolled steel. Unless a compromise can be found, that will mean strong downward pressure on prices, from which Thyssen in particular will suffer.

There may be room for continuing interest in stocks such as

Bask values: Dec 31, 1986 = 100: Finland: Dec 31, 1987 = 115,037 (US 5 index), 90.791 (Pound Sterling) and 94.94 (Local).

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Amendments to Indices for May 20 applied to the following: Ireland, Spain, the Regional Indices and the World Index, Markets closed May 23: Aestria, Belgium, Canada, Denmark, France, West, Germany, Netherlands, Norway, Sweden and Switzerland.

the Unitas all-share index up 2.2 at 682.2. It beat the previ-ous peak of 681.5 reached last October.

company at \$35 a share. DC Hold-

Moore, chairman and president of

Diamond Crystal Salt, for the

purpose of acquiring the com-

pany. If the tender offer is suc-

cessful, DC intends to merge with

Diamond Crystal, so returning

ownership of the company to the

be taken over by Maxxam Group

Allegheny International dipped \$% to \$3%, after announcing it had called off negotiations to sell

to BTU Engineering. Allegheny said the talks were ended

because of opposition to the pro-

posed merger by the anti-trust division of the Department of

Hyponex, the lawn and garden products maker, added \$1% to

\$10% in over-the-counter trading,

following its announcement that it was in talks to sell the com-

Envirodyne, the food packing company, rose \$\% to \$27\% after

the company said it would look

into a possible merger or sale of a

majority interest as a way of enhancing shareholder value.

Canada was closed for the Victoria Day holiday

pany at about \$14 a share.

Thermco Systems subsidiary

for \$19.375 a share.

MILAN: Late buying helped reduce the day's losses but' equities closed lower overall, with the MIB index off 5 at 970. Blue chip Fiat fell L75 to L8.500. but recovered after hours to L8,620. Montedison lost L5 to L1,430, rising later

MADRID: Declines on other MADIKID: Decimes on other stock markets depressed trading and the general index finished 1.14 lower at 270.59. Trading remained suspended in merging banks Banesto and Banco Central.

1992 will bring an equalisation (or elimination) of steel subsidies ought to make German steel dence on steel in the 1970s and stocks more attractive again,

Some of the new machine-building companies acquired by the blue chips proved hard to integrate and 'Thyssen's acquisition of Budd, the US automotive parts group, was poorly timed. But those mistakes have been digested and steel now generally represents a far lower proportion of sales.

However, it remains 27 per entire the Dutch market's top perform-

Hoogovens is reaping the benefits of rebounding steel prices because it has one of the most efficient steel plants in Europe, having invested heavily in new equipment and cut wage costs.

In the longer term, it should be more insulated from steel down-turns because of its expanding aluminium activities, which now account for half of all sales. At its annual meeting two weeks ago the company predicted a small profit for 1988 after a painful loss

Hoesch, still trading at a huge discount to asset value, but the producers are responding positively to the surprise upturn in

ing session, then picked up again.

The further decline on Wall Street and the rise to 9.35 per cent in the yield on the 30-year Treasury bond late last week aggravated investor fears about the future course of the US economy and interest rates. Failures in the Tokyo Stock Exchange's computer trading system also helped diminish buying interest. It was an unfavourable start

for the 22 securities houses -including eight foreign brokertrading on the exchange. Small-lot selling sent most

high-tech issues lower. Toshiba lost Y11 to Y864 and Hitachi Y20 to Y1,400. Among large-capitalisation stocks, Kawasaki Steel topped the active list with 42.76m shares changing hands, advancing Y2 to Y411. Most others eased, with Nippon Steel shed-ding Y60 to Y458 and Nippon Kokan Y2 to Y401.

#### SOUTH AFRICA

ALTHOUGH the bullion price failed to breach \$460, fair demand sent gold shares sharply higher at the close.

Randfontein rose R18 to R242

profit for 1988 after a painful loss of Fl 76.4m (\$40m) in 1987.

In Belgium and Luxembourg, producers are responding positively to the surprise upturn in the surprise upturn in the R34.50. Leading industrials also posted small gains.

# US inflation fears hit Nikkei in thin trade

LEADING shares fell back in Redevelopment plans for its support from Kawasaki Heavy cent at one stage. Rumours that Tokyo yesterday as investors idle land prompted investors to Industries for its reconstruction. remained on the sidelines due to buy Japan Steel Works, which fears of inflation in the US. Only some cheaper stocks drew buying for quick profit, writes Shigeo Nishiwaki of Jiji Press.

Ouy Japan Steel Works, which could be second on an upsurge in its recurring heaviest trading of 37.19m shares. Mitsubishi Steel added Y20 to March. Tokyo Rope Manufacturing of Jiji Press.

Nishiwaki of Jiji Press. Nishwaki of Jiji Press.

Nishwaki of Jiji Press.

Y1,330 for the same reason. Buying attracted buying attrac

The market indicator started at a Mirroring the soaring prices of fears of inflation in the US. Most high of 27,393.18, hit a low of non-ferrous metals, Mitsui Mindealers and institutional inves-27,145.06 at the end of the morn- ing and Smelting added Y5 to tors opted out of the market, but Y570, coming third on the active Turnover was a low 739m list with 25.37m shares traded. some bought for short-covering shares, compared with Friday's 836m and losses outpaced gains by 577 to 328, with 161 issues 436 to 4769.

Sasebo Heavy Industries December 1997 dropped to 4.645 soared Y45 to Y340 on a report of per cent from Friday's 4.685 per

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Marsilalic

Bank of Scotland

The Industrial Bank of Japan, Limited

Postipankki (U.K.) Limited

Kurabo advanced Y10 to Y657

the Government would carry out the June issue of bonds, contrary to expectations, caused selling. and the beliwether yield closed at 4.725 per cent.

#### Hong Kong

A SIMILAR pattern to Tokyo trading left Hong Kong shares off slightly after recovering from an earlier drop, with turnover very thin and investors pervous about the outlook for Wall Street and.

US interest rates.
The Hang Seng index ended off
1.01 at 2,490.23 in turnover down to HK\$436m from HK\$757m last

#### Singapore

NERVOUSNESS over US interest rates and declines in leading markets kept trading quiet. The Straits Times industrial index fell 9.32 points to 955.94 on turnover of 22m shares compared to Fri

#### **Australia**

MINING and resources stocks helped lift the market despite a mixed performance in industrials with investors optimistic about tomorrow's mini-budget.
The All Ordinaries index the

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This announcement appears as a matter of record only. Moo

ished 5.3 higher at 1,461.5

Hill Samuel & Co. Limited

Hill Samuel & Co. Limited

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Copenhagen Handelsbank A/S

# **Premier Brands Limited**

£14,000,000 Five Year Junior Subordinated Syndicated Facility

Arrangel and Underwritten by
Continental Illinois National Bank and Trust Company of Chicago

Continental Illinois National Bank and Trust Company of Chicago The Industrial Bank of Japan, Limited

The Dai-Ichi Kangyo Bank, Limited

Banque Française du Commerce Exterieur Allied Irish Banks p.l.c. First RepublicBank Dallas, N.A. e, London Branch Canadian Imperial Bank of Commerce
The Yasuda Trust and Banking Company, Limited Crédit Agricole, London Branch Postipankki (U.K.) Limited

> Continental Illinois National Bank and Trust Company of Chicago
> Facility Agent £26,000,000

#### Five Year Senior Subordinated Syndicated Facility Arranged and Underwritten by Continental Illinois National Bank and Trust Company of Chicago

Funds Provided by

Continental Illinois National Bank and Trust Company of Chicago

The Industrial Bank of Japan, Limited

The Dai-Ichi Kangyo Bank, Limited

Lloyds Bank PLC Allied Irish Banks p.l.c. First RepublicBank Dallas, N.A. Banque Française du Commerce Exterieur u Commerce Exterieur Copenhagen Handelsbank A/S e, London Branch Canadian Imperial Bank of Commerce The Yasuda Trust and Banking Company, Limited Crédit Agricole, London Branch Postipankki (U.K.) Limited

Fokus Bank A.S. Continental Illinois National Bank and Trust Company of Chicago
Facility Agent

£80,000,000 Five Year Revolving Credit Facility

Arranged and Underwritten by
Continental Illinois National Bank and Trust Company of Chicago

Funds Provided by Continental Illinois National Bank and Trust Company of Chicago National Westminster Bank PLC Canadian Imperial Bank of Commorce

The Sanwa Bank, Limited

Tender Panel Members Banca Commerciale Italiana Crédit Agricole, London Branch Allied Irish Banks p.l.c. Copenhagen Handelsbank A/S Dresdner Bank Aktiongesellschaft

First RepublicBank Dallas, N. A. National Westminster Bank PLC Canadian Imperial Bank of Commission The Dai-Ichi Kangyo Bank, Limited Girozentrale Vienna Philadelphia National Limited Societé Générale

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Continental Illinois National Bank and Trust Company of Chicago Facility and Towler Panel Agent



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#### FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS		MOR	DAY MAY 2	1988	FRIBAY MAY 20 1988			DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (88)	128.57 88.33	+1.0 +0.0	101.96 70.05	108.73 78.11	4.09 2.70	127.34 88.37	101.39 70.36	108.24 78.11	128.57 98.18	91.16 84.35	137.10 88.21
Austria (16) Belgium (63)		+0.0	95.98	106.70	4.71	121.03	96.37	106.70	139.89	99.14	117.10
Canada (125)		+0.0	91.80	104.19	3.24	115.80	92.21	104.19	125.49	107.06	124.65
Dermark (39)	124.88	+0.0	99.03	110.27	264	124.83	99.39	110.27	126.01	111.42	116.96
Finland (25),		-0.3	104.50	111.52	1.88	132.20	105.26	111.88	132.75	106,78	-
France (121)	88.99	+0.1	70.57	80.27	4.01	88.88	70.77	80.27	90.19	72.77	114.55
West Germany (99)	73.69	+0.0	58.44	65.23	2.84	73.67	58.66	65.23	80.79	67.78	91.07
Hong Kong (46)	98,46	0.2 °	78.08	98.78	4.62	98.65	78.55	98.98	105.83	84,90	113.94
Ireland (18)		<b>-0.8</b>	98.83	111.81	4.23	125.66	100.05	112.77	125.66	104.60	128.80
italy (102)		-0.5	55.36	65.87	3.04	70.19	55.89	66.20	81.74	62.99	100.28
Japan (456)		-0.3	135.61	134.63	0.53	171.58	136.62	135.41	177.27	133.61	156.43
Malaysia (36)	130.45	-0.7	103.45	129.77	2.80	131.40	104.63	130.72	133.24	107.83	165.06
Mexico (14)	150.91	+0.5	119.67	377.34	1.32	150.09	119.51	375.30	176.90	90.07	178.47
Netherland (38)	102.91	+0.0	81.61	89.53	5.16	102.89	81.92	89.53	110.66	95,23	117.04
New Zealand (21)		+0.8 +0.1	62.81 93.65	60.51 99.14	5.99	78.57	62.56 93.92	60.19 99.14	79.20	64.42	90.99 138.26
Norway (25)		-1.3	86.96	101.77	3.05 2.44	117.95 111.14	93.92 88.50	103.15	132.23 114.93	98.55 97.99	136.97
Singapore (26)		+2.1	104.42	84.35	5.06	128.91	102.64	82.22	139.07	118.16	174.82
South Africa (60)		-0.2	118.92	127.86		150.23	119.61	128.15	155.36	130.73	114.47
Spain (42)		+0.1	97.90	108.10	3.37	123.35	98.22	108.10	124.75	96.92	115.34
Sweden (36)		+0.1	60.60	67.16	2.63		60.76	67.16	86.75	75.65	95.24
Switzerland (55)		+0.0	108.60	108.60	2.54 4.44	76.31 136.94	109.04	109.04	141.18	123.09	146.72
United Kingdom (328)	102.23	8.0-	81.07	102.23	3.81	103.08	82.07	103.08	110.51	99.19	115.42
USA (580)	102.23										
Europe (1007)		+0.0	84.28	89.67	3.94	106.30	84.64	89.89	110.71	97.01	119.83
Pacific Basin (673)	166.51	-0.3	132.05	132.14	0.72	167.01	132.98	132.86	172.26	130.81	154.06
Euro-Pacific (1680)	142.42	-0.2	112.94	115.27	1.69	142.73	113.64	115.80	147.53	120.36	140.40
North America (705)	102.95	6.0−	81.65	102.37	3.78	103.75	82.61	103.16	111.28	99.78	115.90
Europe Ex. UK (679)	87.30	+0.0	69.24	77.78	3.47	87.34	69.55	77.85	92.81	80.27	103.14
Pacific Ex. Japan (217)	112.36	+8.4	89.11	100.42	4.25	111.87	89.07	100.28	112.36	87.51	125.16
World Ex. US (1879)	141.40	_O.2	112.13	114.71	1.77	141.66	112.80	115.19	146.49	120.26	140.23
World Ex. UK (2131)	125.27		99.34	110.63	2.18	125.80	100.17	111.24	130.28	111.77	128.96
World Ex. Sc. At. (2399)	126.26	-0.4	100.13	110.61	2.38	126.76	100.93	111.23	130.96	113.26	130.24
World Ex. Japan (2003)	104.83	-0.4	83.13	97.87	3.87	105.27	83.82	98.36	110.99	100.00	118.22
The World Index (2459)	126.29	-0.4	100.16	110.43	2.40	126.78	100.95	111.03	130.92	113,37	130.53